

**COMMERCE**



**COMMERCIAL  
COMMERCE** *Magazine*

## Beware of Genteel Crooks

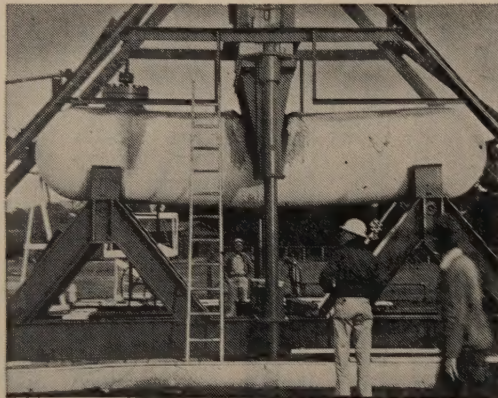
**April, 1955 • 35**



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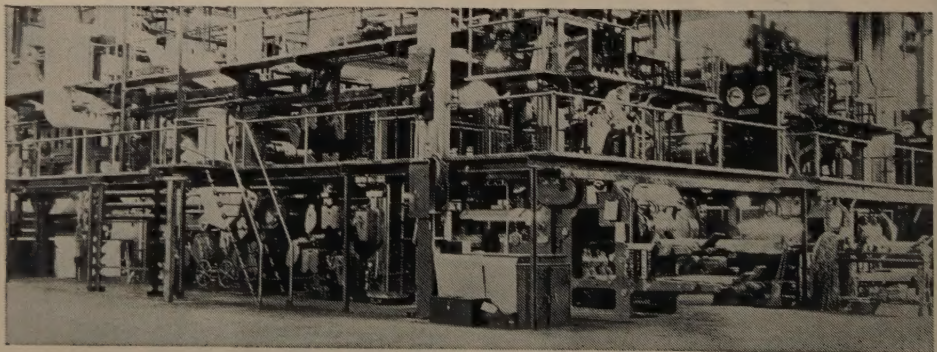
**Milk Tastes Better** when served this modern, convenient way. Many restaurants and school cafeterias use these stainless steel milk dispensers. Stainless won't rust. It's sanitary and easy to clean. And it's hard enough to resist dents and wear.

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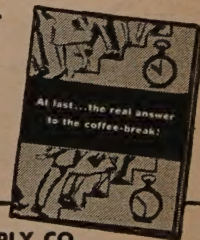
Today, the coffee-break is recognized as a valuable builder of morale and work efficiency... yes, and aids customer relations, too. But when your employees enjoy a coffee-break mornings and afternoons, you're probably thinking: "How can we cut down on the lost time?" The Oasis "HOT 'N COLD" Water Cooler is the first really practical answer. The "HOT 'N COLD" Model is equipped with a newly developed Oasis automatic water heater which dispenses hot water... just right for making instant coffee, tea or chocolate. Fully insulated from the water heater, is the same high-output cooling unit found in all Oasis Water Coolers.

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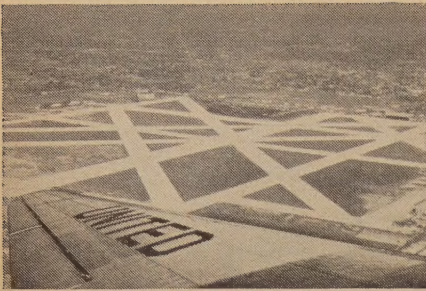
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## statistics of...

# Chicago Business

	February 1955	January 1955	February 1954
Building permits	650	551	606
Cost	\$ 16,055,500	\$ 13,097,100	\$ 11,855,406
Contracts awarded on building projects, Cook Co.	1,844	2,078	1,570
Cost	\$ 43,020,000	\$ 54,673,000	\$ 48,517,000
(F.W. Dodge Corp.)			
Real estate transfers	6,723	6,927	5,382
Consideration	\$ 6,017,983	\$ 6,517,359	\$ 4,847,609
Bank clearings	\$ 3,798,124,946	\$ 4,287,584,690	\$ 3,496,460,642
Bank debits to individual accounts:			
7th Federal Reserve District	\$22,086,000,000	\$23,832,000,000	\$20,697,000,000
Chicago only	\$11,235,042,000	\$11,921,155,000	\$10,506,056,000
(Federal Reserve Board)			
Bank loans (outstanding)	\$ 2,871,000,000	\$ 2,815,000,000	\$ 2,811,000,000
Midwest Stock Exchange transactions:			
Number of shares traded	1,829,000	2,454,000	1,264,996
Market value of shares traded	\$ 76,205,932	\$ 93,305,028	\$ 42,252,014
Railway express shipments, Chicago area	790,148	810,075	864,928
Air express shipments, Chicago area	63,452	67,571	56,982
L.C.L. merchandise cars	16,974	16,914	16,191
Electric power production, kwh	1,489,944,000	1,624,734,000	1,337,025,000
Industrial gas sales, therms	14,555,025	14,111,439	14,146,712
Steel production (net tons)	1,588,400	1,654,200	1,429,100
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	39,870,034	42,873,332	42,910,919
Rapid transit division	8,751,321	9,485,554	8,743,981
Postal receipts	\$ 11,577,079	\$ 11,330,077	\$ 11,308,842
Air passengers:			
Arrivals	266,896	305,854	235,767
Departures	285,958	326,535	248,359
Consumers' Price Index (1947-49=100)	117.1	117.0	116.7
Unemployment compensation claimants, Cook & DuPage counties	75,106	65,135	66,728
Families on relief rolls:			
Cook County	29,179	27,945	19,232
Other Illinois counties	19,476	18,722	15,831

## May, 1955, Tax Calendar

Date Due	Tax	Returnable to
1	Renew city business licenses which expired April 30, 1955	City Collector
1	First installment of 1954 Real Estate Taxes becomes delinquent and subject to 1% per month penalty thereafter	County Collector
1	Personal Property Tax for 1954 becomes delinquent and subject to 1% per month penalty thereafter	County Collector
15	Illinois Retailers' Occupation Tax return and payment for month of April	Director of Revenue (Ill.)
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depository



# COMMERCE

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**in this**

**issue...**

If you have aspirations to be an executive, if you are thinking of hiring one or planning to train some, you will find Dr. Robert M. Wald's article on page 13 of particular interest. He made personal interviews and tests of 33 top-level executives and found a group of background and psychological characteristics that are typical of the top-level executive.

• • •

While many small firms may not be facing the most critical year of their existence, there is reason to believe that they are confronting one of the most intensely competitive eras in recent decades. Lewis A. Riley's piece (page 15) points out some readily available sources of advice and counsel for the challenging months ahead.

• • •

Charles H. Percy, president of Bell and Howell, deals with the hotly controversial subject of tariffs in the article beginning on page 16. Mr. Percy is an outspoken advocate of free trade and of the President's program now before Congress to lower tariffs. He has convinced his own industry, which is sheltered by high tariffs, that it would be better off without them. If you are a protectionist he may convert you. If you are fighting for free trade here is some additional material for your campaign.

• • •

Since World War II, a growing number of small- and medium-sized firms have been putting their stories on film. Phil Hirsch tells why (page 18) as he reviews the progress of the techniques and equipment now available in this field.

• • •

Last year credit fraud cost American business an estimated \$300 million and was responsible for many companies dropping by the wayside. Who are the business con-men? How do they work and how can a firm protect itself against their schemes? Charles W. Keysor's article (page 20) shows how these white collar bandits work and how business men can avoid becoming their victims.





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# The Editor's Page

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## King Consumer

Retailers in this country — large and small, chain and independent — are going to have to work harder than ever in their efforts to attract consumers.

An editorial in Chain Store Age indicates the way the wind is blowing. Between 1,500 and 2,000 new shopping centers are now being planned or are actually under construction. If each does a business of \$20 million a year on the average — a conservative figure for these large operations — their total annual sales may run as high as \$40 billion. Chain Store Age observes: "No doubt some of that volume will represent additional consumer purchases. . . . But . . . the cold fact remains that the bulk of the tremendous business these new shopping centers will pile up will be sales diverted from other retail outlets. . . . It means, in a word, more competition for the consumer's dollar and every merchant is bound to feel it."

This means that stores will have to use every practical form of promotion — including eye-catching advertising and lots of it. And it means they will have to offer the consumer all the inducements of price and service that are humanly possible.

It's a truism that in a free market the consumer is king. He's getting more and more jewels in his crown!

## The Net-Sage Advice

After 15 days of hearings in which more than 20 top drawer witnesses appeared before it, the Fulbright Committee has adjourned its investigation of the stock market without making any sensational contribution either to history or posterity. Except for the political pyrotechnics between Senators Fulbright and Capehart, the inquiry lived up to its advance billing as "friendly." As might have been expected, no answer was provided as to whether stocks are too high or too low. No doubt the witnesses themselves would like to *know* the answer to that poser like all the rest of us.

Witnesses representing government agencies had no abuses in stock market practice to report, and offered no recommendations for changes in the law governing stock trading. Likewise the question of whether or not the \$3 billion of credit employed in the market is too much or too little was left hanging. Again, who *knows*?

From the foregoing, it would almost seem that the hearings were pointless. That, however, would be dismissing them too lightly. The market did, at the outset, make them the occasion for a price break, which the experts said was technical, an opinion confirmed by a subsequent recovery movement.

The break, nevertheless, may have served to warn

the uninitiated or forgetful that the market does not always go one way. Most significant and perhaps least appreciated, however, were the comments of two financial professionals. Ferdinand Eberstadt, partner of the investment firm of F. Eberstadt and Company, when questioned about "tips" with superb bluntness said: "... There ain't no such thing as a good tip. . . . Is there a guarantee that other factors will not enter the market and depress that stock in spite of the good news that you have?"

The venerable Bernard M. Baruch also had a thought or two that the average "investor" could well take to heart. Said Baruch, "I have never known an amateur to make money speculating in the market." He probably could have added that he knew many professional speculators who made money but also lost it. Baruch also offered a clue on investment which, for those who can apply it, could make the Fulbright hearings very worth while. For those willing to study and able correctly to interpret, the impact of "automation, electronics and the story of atomic energy," he said he could see big opportunities.

Although not of the orthodox variety, here is a tip on investment from a notably successful financier.

## Horse and Buggy Budgeting

A new research study done for the Committee for Economic Development by Professor Arthur Smithies, chairman of the economics department of Harvard University, deals with a vital but largely neglected phase of the gigantic federal budget.

Published in book form under the title, "The Budgetary Process of the United States," the study is a comprehensive analysis of the problems involved in the determination and control of government expenditures.

The essence of Professor Smithies' findings are that we are operating in an atomic age with a horse and buggy budgetary control system. In the last 25 years federal spending has risen from slightly less than \$3 billion, or not quite three per cent of the nation's \$104 billion gross national product to \$68 billion, or 20 per cent of gross national product.

Failure to match this growth with improvements in the budgetary process is a matter of national concern. A congressional investigation in this area might not provide election influencing headlines, but could prove of lasting benefit to the country if it produced action.

*Alan Sturdy*





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# Here...There... and Everywhere

• **Meat Processing** — Eight states, each processing more than a billion pounds of dressed meat, produced about 54 per cent of the nation's meat during 1954 according to the American Meat Institute. Iowa continued as the nation's number one meat processing state with 2.7 billion pounds. Illinois was second with 2.2 billion pounds. The other six states with total production over one billion pounds were California, Minnesota, Nebraska, Texas, Ohio and Missouri.

California continued as the top beef producing state with 1.2 billion pounds. Iowa held its commanding position as the leading pork producing state with an output of 1.6 billion pounds. In veal, Texas ranked first with 284 million pounds. Illinois was second in all three categories.

• **Mistakes in Hiring Costly** — A mistake in hiring a salesman costs the average company more than \$6,000, a recent American Management Association survey indicates. Estimates of the over-all cost to the company when a man hired for a sales job proves unsatisfactory after a fair trial and has to be terminated were as high as \$20,000 in some cases. Average figure named by the 136 firms that attempted to estimate the cost was \$6,684; nearly a fourth of the respondents put the cost to them at \$10,000 or more.

• **Catching Up on Dividends** — At the beginning of the current year, the amount of back dividends owed on listed cumulative preferred stocks, \$301,226,806, was 2 per cent smaller than a year earlier and 69 per cent less than a decade before. As of January 1, 1955, 17 companies had 18 cumulative preferred stock issues with dividend arrearages. This compared with 19 companies, 20 preferreds and a total arrearage of \$308,719,633 at the beginning of

1954. On January 1, 1946, 37 companies had 48 preferred stock issues with a combined arrearage of \$917,966,027.

• **The Coal Plight** — During 1954 bituminous coal production was about 392 million tons, a decline of 62 million tons from 1953 and 239 million tons, or 38 per cent, below the all time record year of 1947. A survey of the industry turned up five reasons for this decline: dieseling of railroads, imports of residual fuel oil, competition from other fuels, movements of the general economy, a cut in exports.

• **Signs, Texas Style** — An illuminated sign built in the form of a giant gas flame and roughly 500 times the size of the flame on a home cooking range is being built for installation atop the new El Paso Texas Natural Gas Company Building. The 21 by 9 foot flame will forecast weather locally by lighting in certain colors. And in Houston, Texas, a bank and an oil company are sharing a \$125,000 revolving, illuminated sign atop a new 21-story building. The trademarks of the two firms are back to back and will be topped by a 15-foot plastic globe which will also indicate weather reports.

• **Drycleaning** — The total dollar volume of the drycleaning industry last year was \$1.5 billion compared with \$1.25 billion in 1953. The average family, according to industry figures, spends \$96 a year on drycleaning (and accumulates about 125 more coat hangers for the closet collection in the process).

• **The Shipping Dilemma** — A ship that can be unloaded and loaded at Rotterdam in South Holland in 6 days requires 14 days in New York for the same operation. And it costs 6 times more to load a ton of goods



in New York than in Rotterdam. These facts have come out in the dispute now going on between the West Indian Steamship Company and the International Longshoremen's Association as to whether a tractor driver operating a "scoop" to lift and load baled rubber should have the "assistance" of an extra deck worker to keep the bale in safe position.

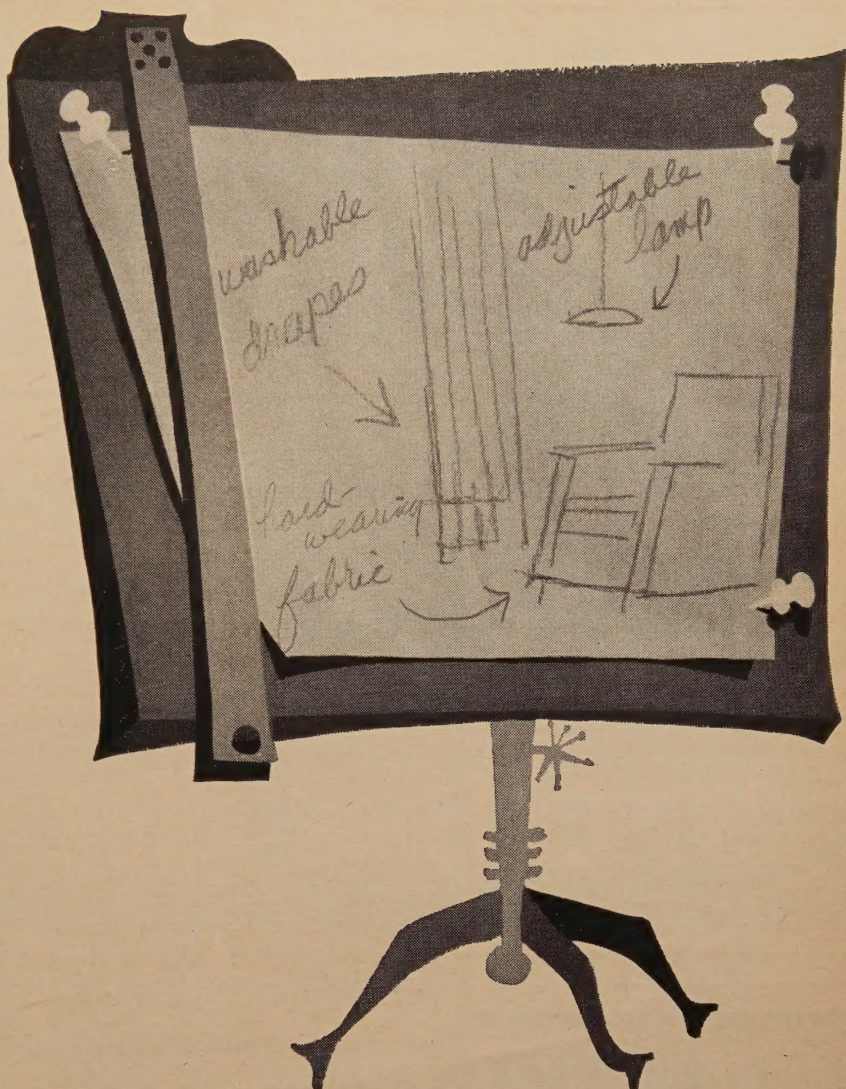
**The Big Parade** — If the 50 million automobiles turned out by General Motors Corporation since 1908 were lined up bumper to bumper, they would completely fill a six-lane highway encircling the earth at the equator.

**Bigger Houses, Prices Too**—The houses being built now are generally larger than those built in either 1940 or 1950. The average house constructed in 1954 had 1,230 square feet of floor space compared with 1,150 in 1950 and 1,200 in 1940. The 1954 valuation of \$9,647 per thousand square feet of floor area in new residential buildings was two and one-half times the 1940 valuation of \$3,837.

**Illegible Losses** — More than seventy million dollars was lost by American businesses last year because of illegible handwriting according to the new-formed Handwriting Foundation. The association report cited as an example the Illinois Bell Telephone Company which it said had been losing \$50,000 a year "because girls couldn't write call tickets plainly enough for the company to charge them." The Association has been formed to help recover the lost art of handwriting.

**Push-button Giant**—A giant steel press operated with push-buttons and weighing 1.5 million pounds has been built by Clearing Machine Corporation of Chicago. The only one of its kind in the world, the new press has a movable head never achieved before with a capacity of 6,000 tons pressure. The press makes easy work of flattening plate weighing more than 50 tons. Yet the sensitivity of the controls permits the straightening of a steel plate 20 inches thick, 50 inches wide and 14 feet long to within a half-inch tolerance. The unit, about the height of a two-story building, covers a

(Continued on page 31)



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## Trends . . . in Finance and Business



### • *Background of a Current Topic*

— It will come as no surprise that the individual income tax is currently the biggest single source of federal revenue; but it wasn't always so.

As a matter of fact the federal income tax is a relative newcomer. The first such tax was imposed in 1862 and lasted only ten years. It was an emergency measure and collected less than 400 million dollars for the government. Congress passed another income tax measure in 1894 but the Supreme Court declared it unconstitutional. That is why a constitutional amendment, the 16th, which went into effect in 1913, was necessary to establish the present law.

The present law will gross the federal government about \$28 billion from individuals during the current fiscal year. That's about half of all federal budget receipts. Corporation income taxes will bring in another \$18 billion. Thus the two together represent around \$3 out of every \$4 of budget receipts.

Prior to World War I, customs revenues were the number one source for federal revenues. For much of the same period, liquor and tobacco taxes made up most of the internal revenue collections.

Before World War II the highest number of individual income tax returns for any one year was less than 8 million. When you filed your income tax this year, you were only one of nearly 60 million persons who will do so before April 15.

### • *Tax Convictions Increasing* —

Convictions for fraudulent evasion of federal taxes are definitely on the increase according to Commerce Clearing House. During 1954 convictions by trial were 76 per cent

above 1953 and 132 per cent over the number convicted in 1952. One of the most formidable weapons in gaining this increase has been the "net worth" method of determining income. This method enables the government to prove unreported income without recourse to the taxpayer's records or lack of records. That date again, April 15, 1955.

• *It's Ike in '56* — If he runs and if business conditions remain prosperous, President Eisenhower is as good as elected for a second term.

This observation comes from Professor Donald L. Kemmerer of the University of Illinois who has just completed a study of past elections and their relation to economic conditions. He found that in every presidential election save one since 1918 the administration was returned when business was improving and defeated when times were bad. In 1952 although times were good, President Truman was defeated because of "war disillusionment and other factors".

If President Eisenhower should decide not to be a candidate in 1956, he will be the ninth President to run only once. With only eight previous instances to go by, all in the 19th century, it may not be significant that in five of these elections, the party in power lost out. However in the past 37 years the incumbent president has always been renominated by his party.

• *Effects of New Industry* — Every 100 new industrial jobs introduced into a typical American community means \$590,000 more personal income annually to that town.

The 100 jobs will result in a population growth of 296 people and 174 more workers employed in



the town. Households will increase by 112. Bank deposits will increase by \$270,000 and 107 more passenger cars will be registered. Annual retail sales can be expected to increase \$36,000.

**Who Owns Stock?** — At the close of 1954, the New York Stock Exchange estimates that 7.5 million individuals owned stock in publicly-held corporations. That estimate represents an increase of 1,010,000 share owners, or more than 15 per cent in the past three years. Based on U.S. Department of Commerce figures of 154.3 million population in 1951 and of 162.4 million last year, the incidence of stockholders in total population has improved from about 1-in-24 to 1-in-20.

Besides the 7.5 million individuals who now own stock in publicly-held corporations, the exchange estimates that an additional 2 million individuals in this country own shares of privately-owned corporations, mostly enterprises with relatively few stockholders.

**Family Formations**—Family formation has shown wide swings over the last decade and a half, according to the U.S. Census Bureau.

The 1947-50 period saw a boom with the increase in the number of new families averaging 1,203,000 a year. This figure was nearly two and one-third times the 518,000 average increase for the period from 1940 through 1947.

Since 1950 there has been an abrupt decline in new family formation, primarily reflecting the low birth rate of the thirties. The average annual increase in families for the 1950-54 period has been only 65,000 a year.

The total number of families in the country in April, 1954, was 41,002,000, representing an increase of more than 9,000,000 over the figure in April, 1940.

**Billion-dollar-a-day Country** — Gross national product or combined expenditures of the nation's people, business and government will total about \$365 billion in 1955 according to the Northwestern National Life Insurance Company.

American consumers will spend an average of \$645 million a day for goods and services, Northwestern calculates. Construction of new

(Continued on page 31)

# ANNUAL FLEET LEASING

5

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# What Makes An Executive?

By DR. ROBERT M. WALD

**Survey shows competence of executive depends heavily on his background and personality**

TODAY'S executive departs radically from the norms and stereotypes established in the Age of the Moguls, so-called by Stewart Holbrook. During the 19th century our great economic problems were centered around the tremendous physical growth of the nation. As a consequence, it is only natural that the great industrial leaders of the country in those days were men like Andrew Carnegie, Henry Ford, Marshall Field, and J. P. Morgan who launched out aggressively in the fields of production, distribution and finance.

There was a continent to be occupied and developed, and such men set about to solve the problems of their day with an individualistic vigor seldom equaled. Production, distribution, and finance still represent ever present problems, but today the concepts, the skills, and the administrative machinery for their solution are, in the main, available to us. The really big task confronting management is that of re-establishing a firm basis for effective team work and co-operation necessary as a main spring for our economic life.

One can predict with some confidence that the great industrial leaders of the future will be those, who, using the tools of product research, production, distribution, and finance, solve the human relations problems of our generation. Thus, management's task has changed considerably and, with this change in emphasis on what the executive is supposed to do has come a corresponding change in what the executive is supposed to be.

One can predict with some confidence that the great industrial leaders of the future will be those, who, using the tools of product research, production, distribution, and finance, solve the human relations problems of our generation. Thus, management's task has changed considerably and, with this change in emphasis on what the executive is supposed to do has come a corresponding change in what the executive is supposed to be.

## ***Demands of Position***

What the executive is supposed to be is also conditioned in large measure by the collective personality of the organization of which he is a part. The very dynamic and forceful executive vice-president in a Texas Oil Company may fall flat, may be a "bull in a china shop" in a conservative, family-owned New England business steeped in tradition.

Nevertheless, there seem to be a group of background and psychological characteristics typical of the emerging top-level executive. At the expense of proving uninteresting, I should like to list a number of those environmental and behavioral

tendencies which have occurred with notable consistency in successful corporation officers. First let's look at the background of executives, that is, where they come from and how they developed.

*First: the emerging executive is a product of the American culture.* Nearly all present day executives were born and reared in the United States, and research shows that more than three-fourths of them had two American born parents. Thus, one of the characteristics of executives is that they have had an opportunity to learn the "American way of life."

*Second: the emerging executive is a product of an above-average socioeconomic background.* In our study seven out of eight executives reported that their family income was average or above average. More than half of the fathers of this executive group were engaged in professional or managerial occupations, as compared to 11 per cent of people in general. None of the fathers were engaged in skilled or unskilled work which accounts for 40 per cent of the employed population. Thus, the typical executive had an opportunity early in life to develop some of the attitudes and understandings which would contribute to his advancement in the business world. It would seem that in today's executive group, the

The author is an industrial psychologist with George Fry & Associates, management consultants. The article is a condensation of his recent talk in Boston before the New England Council for Economic Development.

◀ The executive "will be a co-ordinator of human effort and a professional manager of men."

Commercial Solvents Corp. photo



Horatio Algers are the exception rather than the rule.

*Third: the emerging executive is a product of a happy home and family life.* An overwhelming percentage of the executives with whom we have had contact report that their parents were well-adjusted toward each other, that relationships in the home were happy, and that the home tended to function as a harmonious unit. Very few executives appear to come from broken homes. Thus today's top managers had a family background conducive to good, sound personality development; to stable personal adjustment; to self-confidence; and to human relations "know-how."

*Fourth: the emerging executive indicates an above-average background of academic training.* Our experience as well as findings reported by others shows that roughly two-thirds of the present day top-executive group are college graduates.

*Fifth: the emerging executive had an opportunity to serve in leadership capacities before entering the*

*business world.* Nearly all executives appear to have been active in school and community life, and most have held positions of leadership in the organizations in which they participated. Whether they so participated because they were leaders, or whether the early leadership experiences contributed to their future, is not clear. It does follow, however, that they had opportunities to learn to lead early in life.

*Sixth: the emerging executive enjoyed good health as a youngster and has continued to enjoy it throughout his working career.* He is not an ulcer-ridden dynamo of nervous energy, but seems to treat the stresses and strains involved in running a business as a normal course of events.

*Seventh: the emerging executive enjoys a family life which is conducive to the maximum utilization of his abilities.* More than nine out of ten of the executives with whom we have dealt report that they feel very close to their wives and children and that their families have adjusted well to the modes of life forced upon

them by their management responsibilities.

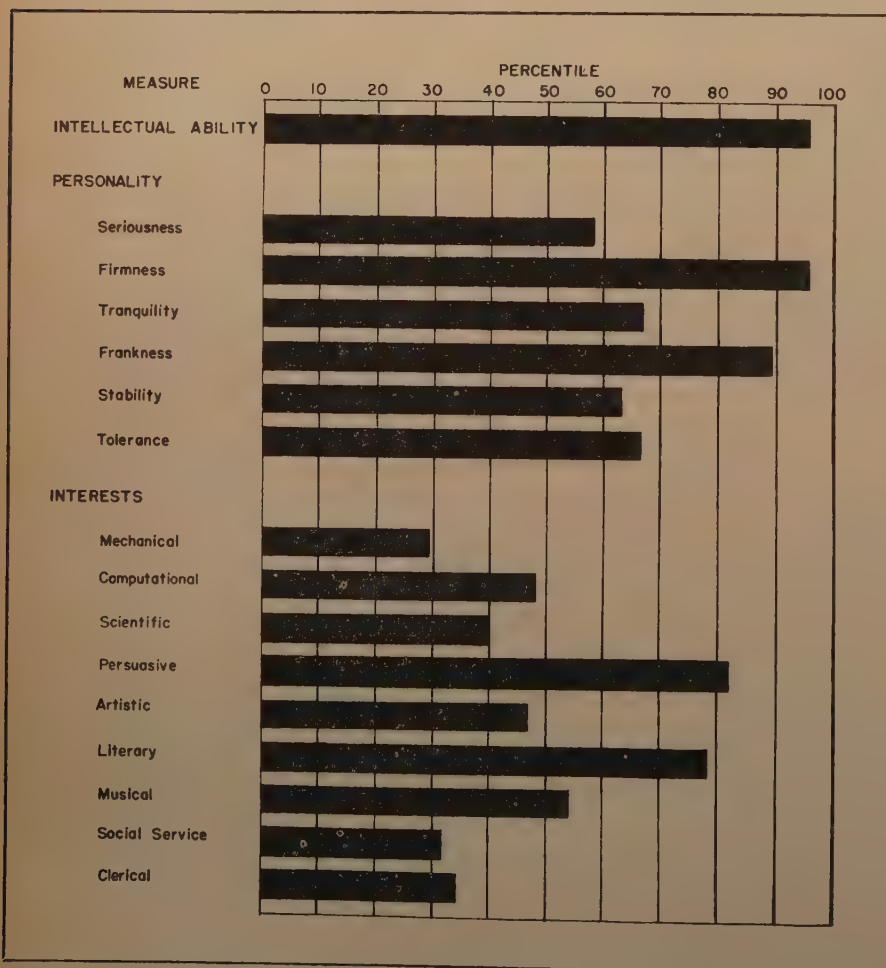
Now, let's turn to the nature of executives' behavioral tendencies, that is, what manner of psychological equipment they possess.

*First: the emerging executive is possessed of superior mental and analytical ability.* He can learn rapidly, comprehend abstract and complex problems, and bring experience to bear in new and novel situations. He can also sort out the pertinent facts of a matter, and knowing the essence of the problem, balance the alternative solutions and come to decisions quickly and easily. Looking at it another way, executives exceed approximately 96 per cent of employed persons on standardized, group intelligence tests. The layman might say this represents outstanding "brain power" or "speed between the ears."

*Second: he has the ability to get along well with other people.* In a word, he exhibits skill in human relations. He is willing to face his personal difficulties realistically and is able to make friends with ease. He is not irritable, but is adequately sensitive to things out of order. And although he is able to see problems from the other person's point of view and to sympathize with his difficulties he is able to make critical judgments and provide constructive leadership.

*Third: his predominant interest is also in people*—particularly in selling them on the idea of fundamental co-operation toward the ends that management deems desirable. He realizes that business is basically people, not buildings and machines. He is also very interested in the written and spoken word, in the modes of communicating the ideas he wishes to get across and sell. Briefly, he is not pre-occupied with the technical phases of his work, but rather with promoting business through harmonious human relationships.

*Fourth: he is adequately aggressive and seeks new work to be done and new methods of doing it.* He is serious in his attitude toward work and is willing to take risks only when all of the available facts of a situation have been fully calculated. Furthermore, he identifies himself with his company to the degree that his greatest motivations and satisfactions



The average scores of 75 top-level executives tested by the author showing their intellectual ability, personality characteristics and interests

(Continued on page 24)



# Aids For Small Business

Abundance of advice and counsel available  
for hurdling the challenges of competition

*By*

**LEWIS A. RILEY**

**A**T THE Government Printing Office in Washington there has recently been a decided increase in requests for a modestly priced booklet written especially for the small businessman with a depleted bank account.

Called "A Handbook of Small Business Finance," this briskly selling, 71-page document offers the reader a telescoped course in business economics. It covers the fundamentals of sound financial management with chapters on such subjects as turnover rates, the cash budget, inventory and accounts receivable financing, and winds up by listing current sources of private and public financial assistance available to the hard-pressed small businessman.

## ***Rising Demand***

The rising demand for this government booklet suggests the pressures being exerted on a great number of small enterprises across the nation. While many of these smaller firms may not be confronting the most critical year of their existence, there is reason to believe that they face one of the most intensely competitive eras in recent decades. Economists have seldom been more unanimously agreed that marketing this year will present formidable problems for all business, big and small alike.

Business for the most part, they say, will be exceptionally good, but they are quick to caution the small operator that competition 1955-style will be something to behold. Big firms are already cutting deadwood and stepping up merchandising expenditures for bitter sales battles ahead.

There are several additional factors, the economists point out, that

will harass business managers in 1955. Labor rates, for example, are almost certain to move upward, particularly in basic industries, where higher wage costs usually are passed along in the form of higher raw materials prices to users of steel and a host of other basic materials. In a word, the little businessman faces a period of "cost inflation" coupled with competitive conditions that will, in all likelihood, force him to hold the line on prices.

Already, say some authorities, intensifying competition is beginning to take its toll among the small business population. "In earnings statements from many industries," the government's Small Business Administration reported to Congress several months ago, "a clear divergence can be drawn between large and small firms. The former show good profits at reduced capacity, while the latter's profits have been deeply slashed."

Small business continues to lose ground, the SBA added, partly as a result of today's "merger movement" in big industry, and partly due to a host of other influences ranging from inadequate financing and tax laws to the average consumer's preference for nationally advertised products.

## ***Heyday Past***

If statistics alone are a fair index to the prosperity of small enterprise, it would appear that the postwar heyday in new business formations is substantially past its peak. During the first eleven months of last year, business failures jumped 26 per cent over the comparable 1953 period, and the liabilities of expiring firms

increased by more than \$70 million. Failures during 1954 were at the highest level since World War II, and indications are that the upward trend has continued at a slightly intensified pace in the early months of 1955.

Meanwhile, the administration is taking steps to implement its direct aid to small business. As a result of legislation passed in mid-1953, the Small Business Administration last year began making direct loans and, in effect, co-signing bank loans to small concerns which had exhausted all other credit sources. By the end of last year, the government had approved more than \$55 million in SBA loans, and in his January budget message the President asked for additional funds this year to step up the volume of such emergency loans to small business.

## ***Year of Decision***

Combined, these somewhat pessimistic economic soundings could be interpreted to mean that many a small business firm (which, incidentally, outnumbers "big business" in the United States by approximately 100 to one) will be fortunate, indeed, to ride out 1955 successfully. As with most economic situations, however, it is possible in this case to compile a selection of statistics and authoritative opinion to prove either that (a) small business in 1955 is likely to have its roughest year in several decades, or that (b) small business may very well be in a position to come through the era of bitter 1955 competition even better than its big business brethren.

In fact, the latter arguments favoring small business in a period of intensifying competition come not only

*(Continued on page 34)*



# THE PRICE WE PAY

Consumer foots the bill for high



Inspecting Bell and Howell 8 mm movie cameras



Skilled labor is biggest cost item in cameras

Precision is the key to the manufacture of photographic equipment



A MONTH ago I had my first experience in testifying before a Congressional Committee, and it was unlike anything I had expected. The largest hearing room in the House of Representatives' new office building holds about 400 people. The committee of twenty-five members was seated like the Supreme Court in a great semicircle.

As I looked into the faces of Noah M. Mason of Illinois, Dan Reed from New York, Mr. Simpson of Pennsylvania, and several others, I was convinced that they were not exactly friendly to the President's foreign trade program.

Mr. Reed of New York was written up extensively in *Time* magazine, and was quoted as saying that he had decided that protectionism was the policy this country should adopt when he was twelve years old, and that he has never changed his opinion. I should guess that that was about in 1890. I wanted to ask him if he didn't feel that conditions in this country and in the world have changed since 1890. But although I thought it was a pertinent question, I feared he would find it impertinent.

What I will attempt to do here is to give a few facts about the photographic industry, an industry that is protected, that is strategic, that faces foreign competition, concrete examples that may help meet the arguments of the protectionist.

The photographic industry has about 50,000 people. It is a relatively small industry, but during World War II it converted one hundred per cent to war work, as did our own company in Chicago. The in-

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The author is president of Bell and Howell Company, Chicago. This article has been adapted from his speech delivered March 2, 1955, before the 1955 World Trade Conference sponsored jointly by the Chicago Association of Commerce and Industry and the Export Managers Club of Chicago.



# FOR PROTECTION

tariffs, protected firms go soft

By **CHARLES H. PERCY**

Industry competes with manufacturers in Belgium, Germany, Italy, France. You can hardly name a country that doesn't make some kind of photographic product.

I have seen skilled Japanese workers paid 27 cents an hour, skilled Italian workers who receive 34 cents an hour, and German workers who earn 37 cents an hour. In contrast, at Bell & Howell the average wage is in excess of \$2.00 an hour.

Germany alone exports to the United States over 150 different models and brands of still cameras. In 1949, the United States imported 6,000 lenses. Last year imports rose to a quarter of a million lenses competing with the products of domestic manufacturers, including the lens division of our Lincolnwood plant.

## ***Company's Position***

Bell and Howell's position is this: We are a company employing 3,000 people here in Chicago. We have a very high labor content in our product, almost 50 per cent of our total cost of sales being direct labor and indirect labor. We have a great deal of foreign competition.

We manufacture a total of about \$40.5 million worth of products, only 6 per cent of which goes abroad. So exports are not an important percentage of our business, though they are a strategic part from the standpoint of prestige and maintaining our name in some 68 countries. We also manufacture under license in England and we are covered completely in the sterling area.

We have done a good deal of soul searching in this subject over the past several years. Our international vice president, Ernest Schimmel, has been a tremendous asset in interpreting the position of our company

and country in the world economy. Over the past several years we have determined our position.

We believe that it is in the interest of the free world to trade. Many people abroad, two billion five hundred million of them, want the products of the United States. If we don't trade with them we are going to limit our market to 160 million people in the United States, a market exceeded by our productive capacity. We need export markets and at the present time our exports exceed our imports.

## ***Two Way Street***

But we cannot maintain our export market if we refuse to trade with the world. We must gain public understanding of the concept that the only place the American dollar can ultimately be spent is in the United States. When we import products and pay dollars for them, we do not lose those dollars. They always come back to us. The American Eagle on the dollar is a homing pigeon.

To import products which foreign manufacturers can make better than we is as beneficial to us as to the free world. It simply means that we

shift our domestic capital and labor to items which we can produce more efficiently.

Last year about this time as I stood on a street in Tokyo, I asked our agent, who was kindly escorting us, what the loud speakers on the mobile trucks were saying. I think he was a little embarrassed, but he gave me a straight-forward answer. He said, "They are denouncing American imperialism and demanding that the United States troops go home."

We talked to our Ambassador, we talked to educators and to business people, both Japanese and American. They all told the same story, in a story of the sagging Japanese economy. For example, forty per cent of the graduates of Japanese universities this year would not be able to find jobs.

## ***Position Untenable***

The United States has said to Japan, "We cannot trade with you freely because of your cheap labor. We have imposed restrictions and barriers against you, and the free world has followed our example." But we have also said, "We will be

(Continued on page 21)



The author addressing World Trade group



# New Techniques Boost Industrial Films

Clubs, churches, schools, TV stations clamor for good productions; improved equipment enables some firms to produce own films

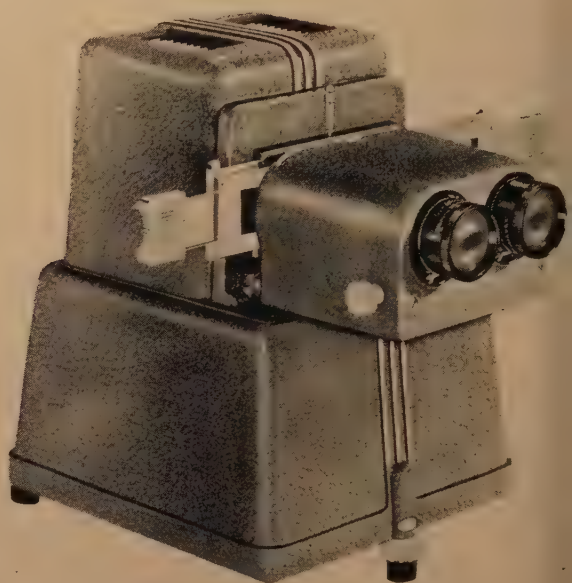
**By PHIL HIRSCH**

**T**HERE was a time when business films were synonymous with thickly carpeted front offices, gargantuan production, and at least a seven-figure annual profit. But since World War II, a growing number of small- and medium-sized firms have been putting their stories on film. You don't have to look far for the reasons.

First, industrial movies have become cheaper and more useful. Hollywood's feverish attempts to lure the customers away from siren TV and back to the boxoffice are partially responsible. For cinemascope and 3-D have their industrial counterparts, fully as effective in kindling new product enthusiasm, say, as

"This is Cinerama" has been filling the sidewalk in front of the Palace.

Industrial movie equipment makers have been busy on their own hook. The fruits of their research include magnetic sound projectors, continuous-loop films, and adaptation of fast- and slow-speed photography to a host of new uses. Some of these improvements have cut the cost of pictures to a fraction of what it used to be; as a result, "do-it-yourself" enthusiasts are no longer to be found only at retail sales counters. Latest members of the fraternity are company executives who, with



Improved stereo (3-D) slide projector

apologies to Hollywood, have donned directors' berets and converted their assembly lines into sound stages.

The audience for business films has grown, too. Unlike the professionals in the cinema capital, firms which sponsor or make business

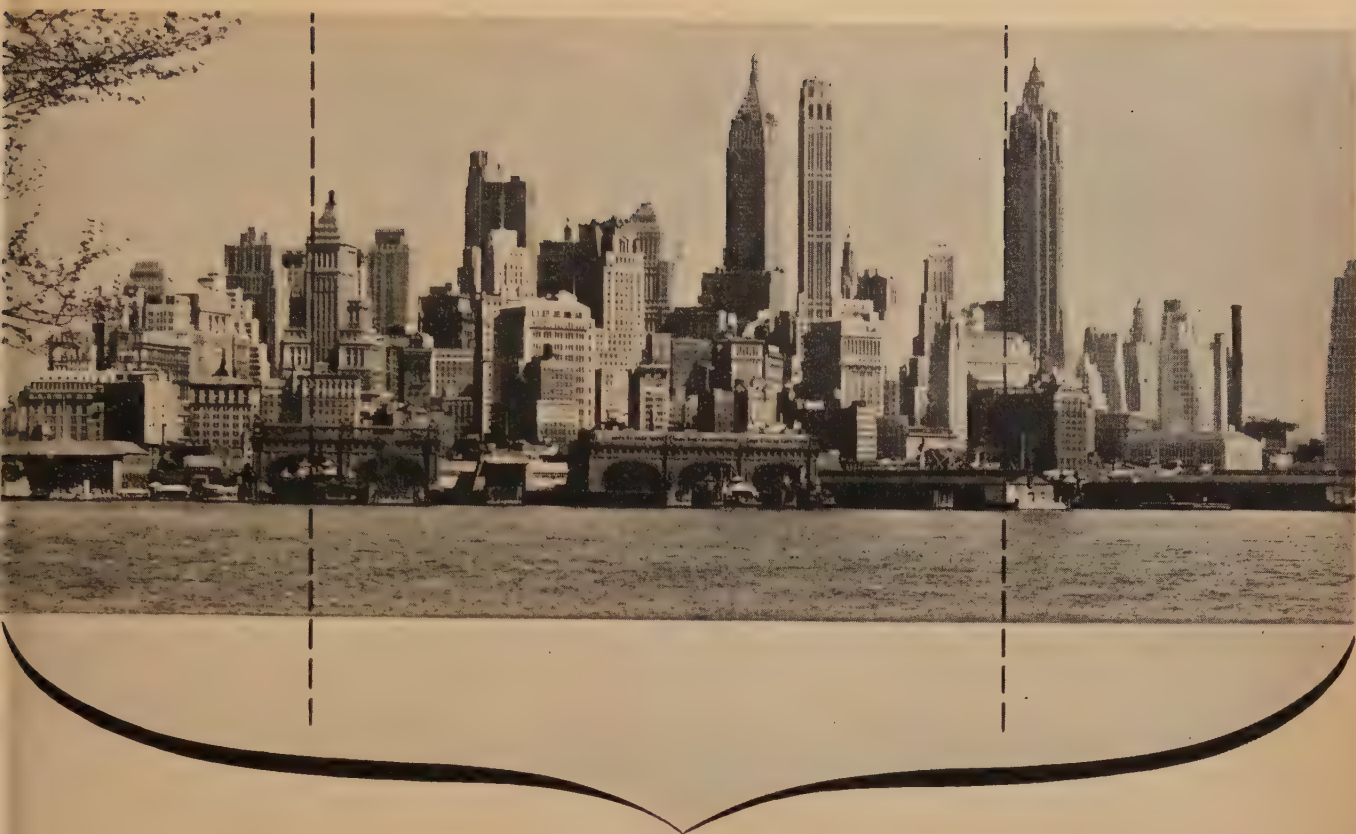


Adding a magnetic sound track to an industrial film



Filming the sparking cycle of a Parker Pen lighter





New York's skyline, as seen through a wide screen lens. The area between the vertical lines is what a camera equipped with a conventional lens would see

movies have welcomed TV like a rich aunt come for a visit. The new stations that have sprung up throughout the country in the past few years now represent an important public relations medium. The number of movie projectors in the hands of clubs, churches, and similar groups has increased from about 50,000 to 500,000 in the past 10 years, swelling the audience further. These

organizations soak up a large percentage of the business film output.

Newest of the new developments is the magnetic sound projector. It does the same job a tape recorder would if hooked up to, and synchronized with, a conventional projector. The magnetic sound projector eliminates the tape recorder, however, and replaces it with a narrow (25-100 mm.) stripe on the film. With a

magnetic sound projector, you can use either this soundstripe or the conventional optical sound track. The soundstripe can be "erased" along part or all of the film and a new message can be recorded merely by picking up the projector microphone. Each stripe will accommodate several hundred erasures.

Bell and Howell Company, The

(Continued on page 26)



Employees viewing a 3-D film



Preparing a scene in a General Electric film



# Beware of Genteel Crooks

White collar bandits cost American business \$300 million last year through credit frauds

By **CHARLES W. KEYSOR**

**S**TICKUP men, murderers, kidnappers and hijackers make most of the crime news these days. You hardly ever hear about the more genteel crooks who use business procedures instead of guns. But these white collar bandits often cause businessmen more headaches than blackjack-wielding hoods. In fact, credit criminals have murdered more than one company.

"Last year credit fraud cost American business an estimated \$300 million," reported the Fraud Prevention Department of the National Association of Credit Men. "Within this aggregate no doubt lie the remains of many modest companies which found tax write-off an insufficient answer to the depredations of the credit criminal."

Who are the business con-men? How do they work and how can a firm protect itself against their schemes?

## Portrait of Credit Crook

NACM's rogue's gallery of business criminals contains hundreds of photographs and case histories. From these emerge an unmistakable portrait of the average credit crook. He's smart—often brilliant. And he's confident he can outsmart any legitimate businessman.

Here, of course, is where he makes his big mistake. For powerful institutions protect the law-abiding businessman: NACM, the Better Business Bureau, the Federal Bureau of Investigation, the U. S. District Attorneys and the world's best credit investigator system.

Typical of the credit crooks is one

Robert Jackson, whose activities are reported by the National Association of Credit Men. Working out of New York City, Jackson got some \$336,000 worth of yard goods from a single jobber. He convinced this honest merchant that he could find a legitimate market and the two agreed to split their profits after Jackson had sold the entire lot.

## No Market

Actually, Jackson had no legitimate market. He peddled the cloth at a loss and covered up by transferring money from other accounts so the jobber wouldn't be suspicious. When the truth was discovered, the horrified jobber learned that Jackson had sold the goods at a net loss amounting to \$58,000. To make matters worse, the duped partner recovered only \$195,000 and his business floundered in a sea of creditors' claims.

Jackson was sentenced to prison for two and one-half to ten years, but the jobber, an innocent victim, was completely ruined.

In Washington, D. C., a slick operator named Harry F. Kramer "took" unsuspecting creditors for about \$500,000 during three sly years of credit manipulating. He organized a company with a name almost identical to those of several long-established, wholesale firms. Operating under their respectable shadow, he secured merchandise from jobbers who carelessly mistook his company for the older ones.

"Even while under indictment for mail fraud, Kramer managed to obtain goods by these means," reported John C. Fredell, Jr., director of the

NACM. "He continued his operations almost until the day of trial." Kramer's sentence: twenty months to five years in federal prison.

These are two of the most common kinds of credit fraud. There are many others:

Quietly taking over an established company and using its good credit rating to order merchandise that is never paid for is another method of fraud. The criminal then disappears. This works only once, but a swindle of this sort is almost undetectable. It can cause tremendous losses for innocent suppliers.

Using a different tactic, two Chicagoans swindled jobbers out of about \$100,000 several years ago. The crooks watched the "Business for Sale" ads in newspapers. When they learned about a suitable retail establishment in some small town, the two con-men would offer the owner a \$200 option. (They always used aliases and agreed to pay his price without haggling.)

## Change Minds

When the one-month option was nearly up, the crooks would tell the owner they'd changed their minds about buying the store. They left him with their \$200 and a stack of bills for merchandise which the crooks had ordered in his name.

Without informing the store owner the chiselers had begun ordering merchandise as soon as they'd made the option payment. They carefully diverted all incoming shipments at the freight depot and screened all incoming mail, so the

(Continued on page 37)



## Price We Pay

(Continued from page 17)

very unhappy if you trade with the communist bloc."

So, we have placed Japan in an untenable position by saying, in effect, you cannot trade with anyone. No nation can long endure such a situation. More and more Japan becomes susceptible to the wooing of the Chinese Communists and Russians; the resignation of their last Premier was over this very question.

The same day that I testified in Washington, the President submitted a message to Congress on the Formosa question. The President asked authority to use ships, guns and planes to defend the security of our country and its allies, and within a week Congress acted. The House of Representatives voted overwhelmingly and the Senate voted almost unanimously to give him this authority.

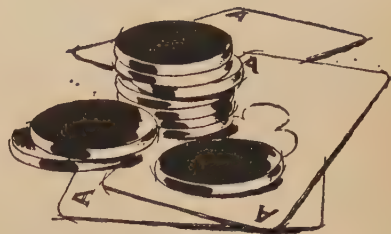
### Issue Understood

This was an issue they could clearly understand; it was an issue they would have no trouble explaining to their constituents at home. But it was a complex problem. Yet for a year and a half the President has said, "It is in the national interest that we liberalize our trade abroad." And he has gone so far as to say, "If we fail in our foreign trade economic policy, we may fail in all."

If the President today sent a message to Congress and asked for \$40 billion for a network of radar and guns to ring our coastline and for planes to patrol our shores, Congress would not hesitate to appropriate the money and we know it. They couldn't defend their position if they didn't.

But he has said that in a nuclear era it is in the national interest to ring this country with a network of free nations, who will form an integral part of our national security. This is more difficult to explain to the constituents back home. It steps on a few toes. Despite the fact that the heads of labor, the AFL and CIO, the Chamber of Commerce, the head of the Farm Bureau and many business people favor it, it was passed by only a slim majority and was almost sent back to committee on three different

# When the chips are down



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votes. It was and is a complicated problem and a difficult problem.

It is also fraught with emotion. It has become an emotional rather than a rational issue. I think, though, that there is little doubt about the interest of the consumer in freer trade. It is he who benefits when competition lowers prices and he is entitled to the benefits of foreign competition.

What happens when an American manufacturer faces foreign competition? I can best demonstrate this by telling you what happened to us

when we entered the high-priced 35mm still camera market a few years ago. Our camera had many features. It wound like a movie camera; clicked off five pictures a second, taking wonderful action photographs. But it required a lot of hand work that necessitated a selling price of \$700. In competing with foreign camera manufacturers we lost a million and a quarter dollars.

We had to decide what to do. We could say we were being hurt by foreign competition and we could

seek higher tariff protection. But from the moral standpoint, we would be prohibiting the American consumer, who likes German cameras, from buying them unless he paid a subsidy in the form of a higher tariff. In other words the consumer would be penalized because we had decided to enter a field in which we were not as efficient (from a cost standpoint) as the Germans. We decided to write off our million and a quarter dollar loss.

I have heard many protectionists say, "You can't compete with cheap foreign labor, if your product has a high labor content." Manufacturers in our own industry have repeatedly testified that there is a high labor content in photographic equipment — and there is.

We use aluminum to make a 1/2 inch f/1.9 movie camera lens. We mold a chunk of optical glass into four different elements and assemble it into the lens. The raw material costs 43 cents and the finished lens has a retail value of \$87. So the difference between 43 cents and \$87 is cost of labor in manufacturing or merchandising.

### *Compete For Own Orders*

Since our purchasing division is authorized to buy where they can get high quality at the lowest prices, our own lens division competes with foreign manufacturers for the business of our own purchasing division. I think this is the way it should be. For a while the lens department continually lost orders on a very high volume lens. They lost an order for 10,000 lenses and it broke their hearts. They really started to dig in.

Working together, they approached this particular lens in an entirely different way. As a result, the last order for some 20,000 lenses was awarded to our own lens division, on a strictly competitive basis. At Christmas, in the lens division, they had big signs on the bulletin board, "We beat foreign competition." I talked to the superintendent of manufacturing and the foreman about it a few weeks ago, and I said, "In all honesty, would you have done this without the spur of foreign competition?" and they said, "No."

An industry that is protected is in



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dangerous position. Its shelter can be taken away at any time. But an industry that is strong because of competition is an industry based upon a firm foundation. The best weapon of management is its ability to meet competition. The ability to improve its manufacturing techniques cannot be sharpened and developed under the soft blanket of protection.

Again and again manufacturers have pointed out the disparity between American and foreign labor rates. Never in any of those testimonies have I found reference to the unit cost of production. Yet this is the true and the important element of cost, the controlling factor and the answer to the problem of cheap foreign labor.

### Cites Illustration

Here is an illustration: We had cheap domestic labor in this country a relatively few years ago. When I worked on the Bell & Howell assembly line, we were paid 40 cents an hour to assemble an 8mm movie camera. We sold this movie camera for less than \$50, \$49.95, to be exact. When the war ended and our labor had almost tripled, we asked ourselves whether we would ever again be able to sell a movie camera for less than \$50.

We started to work on a design concept, a tooling concept. Whole groups of people worked on it as a team. We produced a camera at \$49.95, a camera with six exclusive features that the other camera did not have. It is made with such precision that the parts resemble those of Swiss watches, yet it is assembled on a conveyORIZED line. We did it with \$2.00 an hour labor, because we designed the camera and developed manufacturing methods to use the minds of our workers more than their hands and their muscles. And our labor cost per unit was very low.

Recently in Des Moines I spoke to the National Farm Institute. I'm not an expert on farm problems but I have studied the impact of our export trade on the farm market. My wife and I own a farm in Iowa, and I told them I am ashamed to sell corn to the government each year and then approve the plans of the farm manager to plant more corn the next season.

We know the country needs corn

like it needs butter. Yet we do it because if we didn't, our farm manager would think we should be committed to a mental institution. Probably it is best to go along until this thing finally rights itself nationally and farm products are sold on the free market. But I will never stop talking about it.

How wrong it is to freeze unneeded capital and labor on the farm today. What if they had done this eighty years ago when the population distribution was 90 per cent rural and 10 per cent urban, instead of the reverse? It is little more sensible today to freeze the 10 per cent and keep labor and capital employed where it is only relatively efficient.

Where does the farmer stand? On an average, about a thousand dollars of his cash receipts come from exports. We export 25 per cent of our corn, 33 per cent of our wheat, 25 per cent of our tobacco and soybeans, and 33 1/3 per cent of our cotton and rice.


The dairy farmers in Wisconsin, who were successful in forcing the infamous cheese quota, export 42 per cent of their dried, evaporated

and condensed milk. If it weren't for the export market they would be hard pressed. Yet they, like every other economic group in the United States, including business, want a one-way street. Farmers favor a free trade policy almost universally, until it comes to import quotas that interfere with the artificially high prices of their own products. They do not ask where the dollars for their exports are to come from if we refuse to trade with their foreign customers. Are we to give dollars away, or are they to be syphoned from some other part of our economy?

### Farmer Must Face Issue

The farmer, depending tremendously now on the export market, must face the issue. On which side does he want his bread buttered? In the long run he cannot have it buttered on both sides.

It is often said that freer trade is all right in theory, but would not work in practice. And to the protectionists we are the theorists and they are the practical men who built America. They know that we



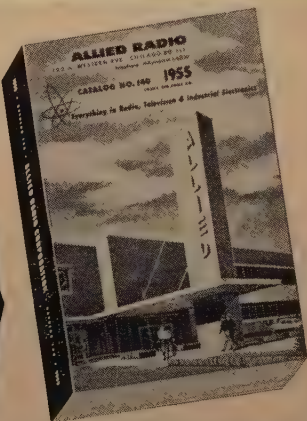
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have to keep out cheap foreign labor and keep our market to ourselves. The fact that almost every economist in the United States favors the President's program does put us in a category with college professors and economists. But the real theorist is the protectionist, because protectionism is fine in theory but it has never really worked in practice.

Who is to decide what infant industry is to be protected? Who is to decide when an infant industry has grown to maturity? Many are protected, but few, if any, are ever weaned.

### **Argument Is Theory**

The argument that our national defense depends upon strategic industries that must be protected is essentially theory. In actual practice, most of our defense industries, the aircraft, automotive, electronics industries, have little if any tariff protection and have never needed it.

Our own Bell & Howell executives have stood with me in my support of the President's foreign economic trade policy. Without their support, or with their veto, I could not have acted. Time after time in Washington a Congressman would say to me, "Yes, but you don't have any constituents back home." I, too, used to be naive enough to think that the president of a company is his own boss. But when I became

president of Bell & Howell, I found that some 3,000 employes, twenty-four hundred stockholders and directors and several thousand dealers were my bosses. Congressmen at least have tenure of office for two or six years. But corporate presidents have no such job security.

I have expected to hear from some Bell & Howell stockholders who might ask, "What are you trying to do to our company by lowering tariffs?" But I haven't received a single adverse letter and I have received many favorable ones.

I think we must always, in American industry, in farming, and in labor, determine what is in the national interest and then find a way to adjust our company programs to that interest. It is not always easy, but it is necessary.

We who are Republicans worked awfully hard to put this administration in Washington. I would be very discouraged, as an officer of our company, if the Board of Directors who had elected me opposed the policies I thought best for the company.

President Eisenhower said in a letter to Congress, "I am not going to ruin any industries. This is a gradual, moderate program." He has said that our present situation is a perilous one.

Support of our program is growing. Day by day people are telling their Congressmen to vote in the na-

tional interest and not in the special interests of particular groups.

The future security of our nation will be imperiled if this program is not approved by the Senate. The bill must be passed.

I believe that a liberalized trade policy in the national interest will make industry in this country more efficient. It will help lower our unit cost of production, lower our cost and raise our standard of living, strengthen our allies, weaken our enemies and provide a greater measure of strength and support to the defense of this nation than \$40 billion worth of guns ringing our shores.

### **What Makes An Executive?**

*(Continued from page 14)*

stem from increased business development.

*And Finally: he is at least average in his emotional adjustment and self-confidence.* He tends to worry and to develop tensions no more or less than the average of the general population even though his job is conducive to anxiety. Likewise, he is not egocentric, having learned long ago that fresh ideas and new products and services are the bulwarks of business and industrial growth.

Now, so what. What does all of this mean and to where does it lead? First of all, these characteristics are significant from the standpoint of executive selection and development. It has been previously stated, the characteristics mentioned are found in individual executives with a high degree of consistency, and with respect to most of them the executives show a significant deviation from people in general. Thus, these characteristics are both identifiable and measurable. They provide "bench-marks" both for the selection of executives and the identification of younger employes with management potential.

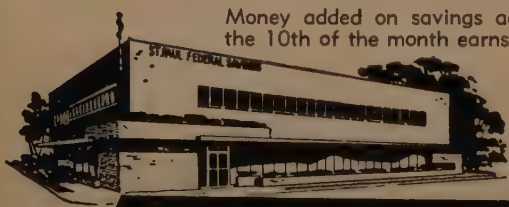
Using a comprehensive case-history approach involving psychological tests and a depth interview, our psychologists have been able to predict executive competence on a pass-fail basis more than nine times out of ten. This statistic is not just an arm-chair one, but is based on actual follow-up studies in client organizations. Also, since some of the main interests and attitudes leading to

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Success can be influenced by training and experience, a real understanding of the characteristics I have mentioned can make possible effective development programs.

Secondly, these characteristics point to my earlier statement that the new concept of top management is preoccupation, not with production or distribution or finance but with the axis around which all worthwhile work revolves, namely, people.

Thinking back to the Age of the Moguls and looking at our present day executive talent, I'd like to philosophize and speculate for a few minutes on what the executive of the future will be like. Basically, it appears that he will be a co-ordinator of human effort and a professional manager of men. More and more, jobs and workers are becoming specialized to the extent that various research men, engineers, and production specialists are able to make their greatest contribution outside of the general management field. So it is also with highly skilled persons in finance, merchandising, market research, industrial sales, advertising and even personnel.

Living in an age of increased specialization it is difficult and re-

quires a great investment in time and energy to become expert in any one field, much less all of them; and the new executive, unlike the Fords and Carnegies, will not be able to cope with technical details. He will have as his major responsibilities the co-ordination of the various phases of business. Management specialists with which he will have surrounded himself will keep their fingers on the pulse of technicalities. I believe, for example, that in the future there will be many more Ph.D.'s in all areas of business and industrial endeavor; and the executive of the future will also be highly trained in the art and science of pure management.

### *Poses a Problem*

This thinking poses a problem as to where the executives of the future will come from. In the past it seems to have worked something like this. During the second World War our major task was getting out the production in any way possible. The human element was subordinate to the technical; and many production specialists and engineers rose to top-management positions. A good many

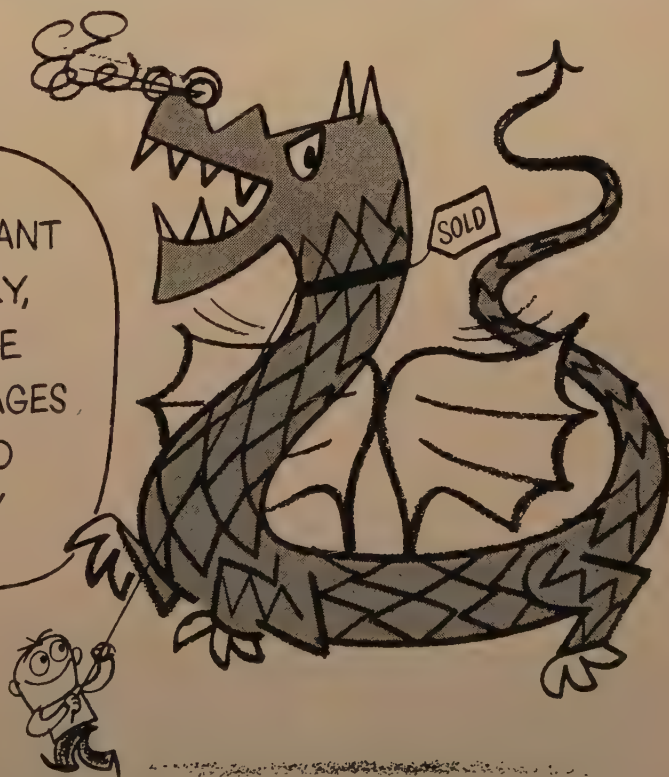
of them were far from enlightened managers and have since fallen flat. But they had the virtue of being available and of meeting an immediate need — and "in the society of the blind, the one-eyed man is king."

Prior to the war, during the time that we were confronted with the task of recovering from the great depression, many financial men were placed in top management positions. Controllers are often in a good spot to see the over-all company picture, and this trend may be expected to continue. However, our research has shown that sales personnel, supposedly effective in interpersonal relationships, have recently received many promotions to executive rank. Time of high spending and keen competition. Perhaps this also is a sign of this competition.

In the future there is a good indication that, no matter what is happening in the political, social, and economic arenas, the executive will be an "honest-to-God" professional manager.

In brief, first: the successful top executive of the future will have to be trained as a professional in human dynamics and leadership, whether he reaches the top position

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through general management or through a specialty.

Second: no matter how or where he starts in business, fortuitous circumstances involving family background, education, and experience will have to have given him an opportunity to learn the attitudes necessary for leadership. This relates back to the characteristics I have mentioned.

Third: those persons interested in the care and feeding of executives and the perpetuation of their com-

panies will have to take stock of their present situation "personnel-wise" and determine where they want to go. They will be forced to give increased consideration to selecting people with appropriate characteristics to begin with and then providing an atmosphere conducive to the full development of these characteristics.

In conclusion, the emerging executive, if a specialist in any given field, is a human relations expert. Recognizing that leadership must be ex-

pressed in terms of people, rather than things, his constant aim is to develop greater understandings of the human equation and to realize increased insight into his own motivations and management responsibilities.

## Industrial Films

(Continued from page 19)

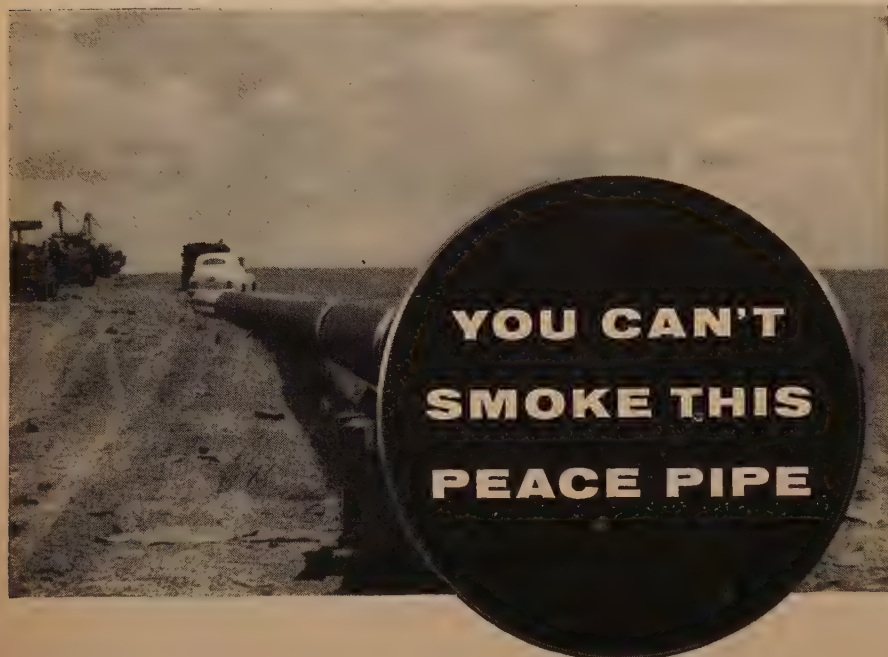
Ampro Corporation, and Radio Corporation of America, the three major magnetic sound projector makers, will sell you one for about \$700, compared to \$450 for a conventional sound projector, and \$300 for a silent model. The price difference usually disappears, however, when you add film production costs.

The cost of soundstripping a typical, 400-foot business film comes to \$10 (2.5 cents a foot). Add the time required to record the narrator's voice (usually he's a company employee), and you have the total bill for the soundtrack. Making an optical track for the same film is a professional job, and costs anywhere from \$400 to \$2,000.

The Folding Paper Box Association of America, a container industry trade association, began making its own magnetic sound movies about a year ago. The group spent \$1,500 for equipment, projector, camera, and lenses. Since then, it has produced several films. The cost? About \$3.75 per minute; this covers film, lights, cost of soundstripe, everything except the cameraman-narrator's services. He was an official of the association who read two books on photography to qualify for the job.

Previously, the association had hired an outside studio to produce its films. For sound movies with color, the bill averaged \$1,500 per minute, and for sound-slide films (slides on motion picture-type film), \$125 a minute.

The wonders of wide screen photography can also clothe your product at a bargain basement price. You won't be buying cinemascope or cinerama, but a close relative known as "wide screen slide" presentations. These are conventional slides, photographed through a wide screen lens, cropped at top and bottom and presented through a conventional projector. According to officials of Wilding Picture Productions, Inc., Chicago, largest commercial film producers in the business, there is not



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during 1954...refinery facilities were modernized and expanded at East Chicago and Lake Charles to make possible even better high-grade petroleum products...and four new supertankers were completed, bringing to 27 the total of Cities Service ocean-going vessels.

These are but a few of many improvements and enlargements in Cities Service operations...some competitive, some for cooperation with the entire industry and the government. They clearly reflect the progress that can be made in a business society whose members know that competition and cooperation are not incompatible.

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lly no difference between the price a given presentation on wide screen slides, and the same show on conventional slides.

Two other wide screen techniques have invaded the business field. One is the cinemascope, a good bit more expensive than conventional movie-making methods. The other is a technique known as "pan-screen," which is far cheaper. This involves three projectors, which present three pictures side by side on the screen, so they look like one picture.

What is the big appeal of the wide screen? One of the nation's major hard goods manufacturers found out several months ago when its new product was presented via the new medium. New lines were old stuff to the audience that saw the film. They all welcomed the company's earlier dramatic efforts with the silence one picture in a graveyard on a cold winter's night. Yet, this time, after the first five frames had appeared, most of the group rose and applauded loudly.

Ford Motor Company was the first company to make a business film in cinemascope. Late in 1953, two 28-minute extravaganzas in full color were presented, showing 1954 Ford trucks and cars. According to Ford officials, cinemascope made it possible for a larger audience to see the film, and gave each viewer a much closer look at construction details.

Both advantages are direct results of wide screen's larger size which is roughly two and one-half times the width of a conventional picture. The richness of the picture has an unusual effect on the audience. The viewer feels he's sitting in the middle of the screen, rather than several feet away from it in a theater seat. The sensation is so strong that, at screenings of "This Is Cinerama," more than one patron has become sick watching the roller-coaster sequence.

#### Similar Impact

Stereo (3-D) produces about the same impact on the audience that the wide screen does, only the technique is different; depth, rather than width, is the important factor. A 3-D picture obtains depth in the same way that your eyes do, basically. When you look at an object, your left eye sees farther around the left side than your right eye; likewise, your

right eye sees farther around the right side. The reason is that your eyes are spaced roughly 70 mm. apart.

The difference in the pictures seen by your eyes produces depth. On a stereo camera, there are two lenses about the same distance apart as your eyes. What these lenses see is what your eyes see. The two pictures that result can be presented through a viewer or projector. In the former case, your left eye sees the picture taken by the left-hand lens, your right eye the right-hand picture. In the latter case, the projector superimposes one picture on top of another. But, looking through polarized glasses, the effect is the same as if you were peering through a viewer.

Stereo photography is nothing new, but it is only within the past five years or so that the technique has been used widely by industry, primarily because stereo film and slide projectors have been vastly improved during this period. Slide viewers are an older, but still-popular means of looking at the picture.

Hudson Pulp and Paper Corpora-

tion, New York City, is one of several firms currently using stereo viewers for sales promotion among distributors. According to S. W. Franklin, merchandising director, 3-D makes it possible to show, "with realistic depth and in full color, segments of a million acres of company-owned timberland, mammoth paper mill operations, and our filled, bulky, multi-walled sacks. The color and depth is valuable in pointing out the printing and design of these sacks. Also, stereo cuts in half the time required to get the sales message across (compared to a straight sales talk)."

#### Do-It-Yourself Films

Many firms make their own stereo slides. Major equipment needed to do-it-yourself includes a 35 mm. stereo camera, lights, editing paraphernalia, slide mounts, and a means of projection, either viewer or projector. The cameras list anywhere from \$85 to \$160. Viewers, usually supplied to each salesman, can be had for \$9 to \$20 apiece. Projector prices start at \$145, and go up to

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\$475. The glasses needed cost 30 cents to \$5 a pair.

The complete package to equip 10 salesmen would cost about \$600, according to officials of Bell and Howell and Compco Corporation, two of the major manufacturers of stereo equipment. This price would include all the equipment needed to take the pictures and mount the slides, the cost of ten copies of each slide, ten viewers, and ten cases for holding viewers and slides. The photographer's bill would be extra.

### **Other Types**

While wide screen and 3-D have been bedazzling the sales department, production and personnel have been reaping benefits from continuous loop films, fast- and slow-speed photography.

The film loop is not new, but recent research sponsored by the U. S. Navy and conducted at the University of Pennsylvania confirms its effectiveness for training, proficiency testing, job description, and similar tasks. A conventional projector is used, but a special attachment (cost about \$25) is needed. This attachment permits the film to run through the projector over and over again automatically.

The loop's repetitive ability gives it an important advantage as a training medium, according to researchers who conducted the Navy tests. Difficult operations that may not be clear to some viewers the first time usually become so after the second or third go-round. Loops also can be used on the job, as a "standard of performance." Here, workers who need to improve can check their progress each time the film starts again.

Students at an army tank maintenance school have been given final examinations with the aid of film loops. Sequences of operations were projected, accompanied by title and/or narration, asking questions which the students answered in writing. The film test was considerably more expensive than the paper and pencil variety, but considerably cheaper than having the student tear apart and put together tank parts under the eye of an instructor.

Socony-Vacuum Oil Company, Inc. is one of many firms that has used film loops effectively. The company has produced a series of six to train

(Continued on page 39)





# Industrial Developments

*... in the Chicago Area*

INVESTMENTS in industrial plants in the Chicago area totaled \$15,683,000 in March compared with \$14,678,000 in March, 1954. Total investments for the first three month of 1955 stood at \$64,993,000 compared with \$65,418,000 for the same period in 1954. These figures include expenditures for the construction of new industrial plants, expansions of existing buildings and the acquisition of land or buildings for industrial purposes.

**Minneapolis-Honeywell Regulator Company** is starting construction of a factory at Austin avenue in Morton Grove on land purchased last September. The structure will contain 150,000 square feet of floor area in which Minneapolis-Honeywell will consolidate its operations being carried on at four different locations in the Chicago area. The plant will be utilized for the production of air conditioning and other temperature control products.

**Crane Company** will erect a warehouse building, which will contain 230,000 square feet of floor area, on a ten-acre tract at Belmont avenue and the Soo Line in Franklin Park. Ralph E. Stoetzel, architect.

**Meyercord Company**, 5323 W. Lake street, manufacturer of decalcomanias, has acquired 23 acres of land in Melrose Park on which it will build a 225,000 square foot structure which will approximately double the production space of the company. It is expected that the firm's entire operation will be moved to the new plant, which is located at the southwest corner of the intersection of the Indiana Harbor Belt Railroad and North avenue.

**Procter and Gamble Company** will erect a complete shortening production unit adjacent to its factory

at 1232 W. North avenue. The new unit will consist of two buildings, which will contain a total of 100,000 square feet of floor area. One structure will contain processing equipment and the other will be used for finishing and packing. Both will be three-story structures. There will be several smaller structures housing additional equipment. Carl Teutsch, architect.

• **John Sexton and Company**, wholesale grocer, operating a large warehousing and processing building at Orleans and Illinois streets, will sell this structure and move its Chicago operations into a new warehouse at 47th street and Kilbourn avenue. The new facility will contain 175,000 square feet of floor area and is on a seven-acre site. J. Emil Anderson and Son, general contractor.

• **William W. Nugent and Company**, 410 N. Hermitage street, is erecting a 90,000 square foot factory at 8440 Cleveland avenue, Skokie, to which it will move its manufacturing facilities for oil filtration and distribution systems.

• **Gerrard Steel Strapping Company**, division of United States Steel Corporation, is starting construction of a 60,000 square foot warehouse and factory addition to its plant at 2915 W. 47th street. Jensen and Halstead, architect.

• **A. E. Staley Manufacturing Company** will erect a warehouse and office building in the 4700 block of W. Augusta boulevard. The new structure will contain 30,000 square feet of floor area. Bartlett and Angus, architect.

• **Metalcraft Corporation**, 820 N. Orleans street, is adding a large structure to its plant, which will be

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used chiefly for storage purposes. The two-story addition will contain 55,000 square feet of floor area. The company manufactures metal picture frames. A. Epstein and Sons, Inc., engineer.

• **General Cable Corporation**, 337 W. Madison street, is erecting a building, which will contain 20,000 square feet of floor area, at 5471 N. Wolcott avenue. The company manufactures electric wire and cable. J. Emil Anderson and Son, general contractor; J. J. Harrington and Company, broker.

• **Elkay Manufacturing Company**, manufacturer of residential and commercial sinks and counter equipment, will expand its plant in Summit with the addition of 20,000 square feet of floor area. The expansion will allow the company to consolidate all of its Chicago area operations at one location. Abell Howe Company, general contractor.

• **Jenkins Brothers**, 4640 W. Harrison street, manufacturer of industrial valves and fittings, has occupied the building designed for its use at 5515 Northwest highway. The new structure, which contains 16,000 square feet of floor area, will be utilized as a midwest headquarters of the company.

• **Chicago Die Cutting and Finishing Company**, 120 N. Green street, has acquired a two-story building at 1490-19 W. Harrison street. The 41,000 square foot building will be completely modernized. The company makes window and counter advertising displays.

• **Zeger's Incorporated**, 81st and S. Chicago avenue, is adding 9,000 square feet of warehouse space and a large loading dock to its plant. Philip A. Faro and Associates, architect; Fred Berglund and Son Inc., general contractor.

• **Metal Carbides Corporation**, 601 N. Milwaukee avenue, is having a new building erected at 4244 Diversey avenue, which will contain 3,000 square feet of floor area. Northwest Construction Company, general contractor.

• **J. S. Hoffman Company**, cheese manufacturer at 322 W. Illinois street, is erecting a two-story addi-



on to its plant. A. Epstein and  
ons, Inc., engineer.

**West Instrument Corporation,**  
25 N. Noble street, is building a  
actory at 4359 W. Montrose avenue,  
which it will relocate all its facil-  
ies in the Chicago area. The new  
structure will contain 12,000 square  
et of floor area and will be utilized  
or the manufacture of industrial  
emperature control equipment.  
lestad Engineering Company, en-  
neer.

## Here, There and Everywhere

(Continued from page 9)

00-foot area of floor space. The  
ress is electrically controlled by one  
an from a "pulpit" or control  
anel and derives its pressure from  
hydraulic system.

**Custom Wrapping** — Carson,  
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or all important gift-giving occa-  
ions and major holidays. Cost to  
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als. Customers pay 35 cents and up  
depending on the size of the pack-  
ge.

**House Prices** — Out of every 100  
ouses built in the United States,  
5 sell for less than \$12,000, 43 are  
a the \$12,000 to \$20,000 price  
ange and 11 sell for \$20,000 or more  
ccording to U. S. Government fig-  
res.

## Trends In Finance and Business

(Continued from page 11)

omes, factories, highways and simi-  
r expenditures will average \$110  
illion a day. The federal govern-  
ent is spending about \$160 million  
aily, most of it on defense goods  
d services. State and local govern-  
ents are spending around \$75 mil-  
ion a day. Business investment in  
ew equipment and inventory build-  
p rounds out the daily billion for  
955.

Consumers, incidentally, will  
end their daily \$645 million out  
total personal income averaging

nearly 800 million dollars a day in  
1955. They will pay personal taxes  
of \$90 million a day and will salt  
away nearly \$60 million daily in  
various forms of savings.

• **The Money Lenders** — More  
money was loaned to American fami-  
lies for home buying in 1954 than  
ever before. And savings and loan  
associations did most of it.

According to the United States  
Savings and Loan League, savings  
association and co-operative banks  
accounted for 36.2 per cent of all

mortgage lending in 1954. The pro-  
portion of home financing by other  
lenders was as follows: commercial  
banks, 18.5 per cent; insurance com-  
panies, 7.7 per cent; mutual savings  
banks, 6.5 per cent; and individuals  
and others, 31.1 per cent.

Total home credit advanced  
amounted to nearly \$23 billion,  
about 16 per cent more than in 1953.  
The 1954 volume was roughly twice  
that of the \$11.8 billion volume in  
1949, four times that of the \$5.6  
billion volume in 1945. In 1940 the  
total amounted to \$4 billion.

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while you talk. Or you can have a desk-  
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people participate in the telephone con-  
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in the base of the telephone. The other  
person's voice comes in through a loud-  
speaker about the size of your fist. When  
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ceiver and use this telephone in the  
normal way. You can have this ultra-  
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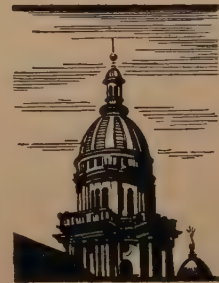
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Against legislation unfavorable to business

The Legislation Department Manager is in Springfield at all sessions of the Legislature. Other staff members and committeemen are there as needed. Last session more than 90% of all goals sought at Springfield were won by the Association. Support this work with your full annual dues quota and your personal participation in committee activities.



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**THE CHICAGO ASSOCIATION OF COMMERCE  
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# Transportation and Traffic



THE Interstate Commerce Commission has reversed its decision in the "Page Belting" case in so far as it awarded reparation on past shipments where the use of an exception rating resulted in charges higher than would have accrued from the use of a classification rating and Docket No. 28300 class rates. In its original decision in this proceeding, involving railroad freight charges on movements on which the Column 37.5 exemption rates were greater than the Column 37.5 classification ratings and class rates, the commission held that such exception rates were unjust and unreasonable on shipments made on and after May 30, 1952, the effective date of the Docket No. 28300 class rate adjustment. The proceeding was reopened when the railroad defendants and railroad interveners told the commission that the principle, if allowed to stand, would result in reparation payments amounting to millions of dollars. Upon reconsideration, the commission found that the assailed exception rates are not shown to have been unjust and unreasonable in the past, but are and for the future will be unjust and unreasonable to the extent that they exceed 37.5 per cent of the corresponding first class rates subject to the uniform classification, plus the Ex Parte No. 175 increases as authorized." The commission added that tariff corrections in situations of this kind "ought not to be unduly delayed."

**Approve Central Territory Motor Carrier Rate Hike:** The Central States Motor Freight Bureau has approved the following increases in highway carrier rates:

Less truckload and any-quantity shipments of less than 2,000 pounds 10 cents per cwt.

Less truckload and any-quantity

shipments of 2,000 pounds to 4,999 pounds—five cents per cwt.

Less truckload and any-quantity shipments of 5,000 pounds or more—two cents per cwt.

Truckload or volume shipments—one cent per cwt.

The increases, which will be published as emergency charges, will not apply on truckload iron or steel rates published in Tariffs 251, 280, 478 or 792 series or on rates or charges published in Tariffs 238, 247, 271, 413, 479 or 548 series. Recent action by the Interstate Commerce Commission makes it evident that the \$1.50 surcharge on shipments under 5,000 pounds will definitely be cancelled on April 15, 1955, but on 10 days' notice instead of 30 days as previously ordered. It will be recalled that the commission in its report of December 20, 1954, found the \$1.50 charge unlawful and ordered its cancellation on or before March 15, 1955. This compliance date was later extended to April 15, 1955. In lieu of the charge the commission authorized the carriers to increase rates 23 per cent on shipments under 2,000 pounds and 7½ per cent on shipments weighing between 2,000 and 5,000 pounds. In addition, the commission approved a minimum charge per shipment based on 100 pounds at the first class rate but not less than \$3.00.

• **Safety Record of Railroads in 1954 Equals Second Best Year:** The passenger safety record of the nation's railroads during 1954 equaled the second best year in the carriers' history, according to William T. Faricy, president of the Association of American Railroads. The railroads last year handled 29,270,000 miles of passenger travel and the passenger fatality rate was 0.07 per 100 million passenger miles. "Of the 21 fatalities reported by the

the **Sign** of

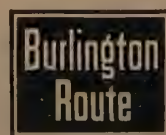


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railroads in 1954, only five actually involved passengers in train accidents," Mr. Faricy said. "The others resulted from such causes as boarding and alighting or jumping and falling from moving trains." The railroads during 1954 also set a new all-time safety record among their employes for the second consecutive year. Preliminary reports indicate that employe fatalities on Class I railroads declined about 25 per cent under the record low set in 1953. Fatalities per million man-hours in 1954 was 0.08 as compared with 0.11 in 1953.

• **Senate Committee to Probe Administration of Truck Act:** The Senate Small Business Committee has announced that it will make a study of the Interstate Commerce Commission's administration of the Motor Carrier Act. The study will be handled by the subcommittee on Relations of Business with Government of which Senator Thyne of Minnesota is chairman. The probe, reportedly, stems from complaints from trucking companies that the commission was slow in making decisions and that it was delving too

far into the managerial functions of the carriers. The other members of the subcommittee in addition to Senator Thyne are Senators Sparkman of Alabama, Smathers of Florida, Eastland of Mississippi, and Duff of Pennsylvania.

## Small Business

(Continued from page 15)

from authoritative, but highly divergent sources. Consider, for example, this optimistic forecast of Henry H. Heimann, executive vice president of the National Association of Credit Men.

"Small business with an alert, aggressive management," said Mr. Heimann recently, "can, in most lines, run rings around a large company in an open competitive battle. The lesson of David and Goliath comes right down into our business situation, for the smaller company can give personal and special service and can adjust its operations to a given condition more speedily and with greater flexibility."

This observer goes on to say that the small but resourceful company or partnership should not fear com-

petition, but on the contrary should feel "supremely confident" of its ability to cope with it. The small concern, Mr. Heimann believes, is far better equipped than big business to shift production and change pricing policies to meet rising competition.

The U. S. Chamber of Commerce, which recently conducted another study of small business prospects, is no less optimistic about the future. "A large organization with branches, sales offices and other connections all over the country and longer-range plans is much more likely to follow a given policy once it is adopted," the U. S. Chamber comments. "Small business, with its relatively light overhead costs and its ability to experiment on a small local scale, frequently has an advantage over a larger unit."

## The Road Ahead

For the average small businessman, the road ahead probably lies somewhere between these equally optimistic and pessimistic forecasts. Just how successfully he fares in 1955 will depend to a very large degree upon the manner in which he capitalizes upon his advantages. It is one thing, for example, to say that the small businessman has the advantage of intimate contact with his customers; it is quite another thing to exercise this advantage in every-day business contacts.

Furthermore, it would be naive to assume that, merely because of his advantages, the small businessman does not face a tightening up period in 1955. As one economist put it recently, "The small businessman has many advantages, but if he does not take practical steps to streamline his business this year, he may very well wind up 1955 with the same advantages but no business!"

National statistics leave little doubt as to the chief causes of business failures. Nine out of ten are the result of inefficient or incompetent management. As the Federal Reserve Bank Presidents put it, "Lack of capital does not appear to have been a dominant cause of business failures. The most important factor in the success or failure of a business appears to be the quality of management."

Fortunately, today's small businessman is the subject of a well nigh inexhaustible store of highly useful

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terature. While literature alone will not transform a poor manager into a successful one, it is none-the-less true that it can assist the small businessman in his efforts to "tighten up" operations for competitive battles ahead. Significantly, much of the available literature deals specifically with the problems that underlie most business failures.

One of the best sources of help is the government's Small Business Administration which has published a variety of good management booklets covering everything from small office economy and effective sales training to human relations and employee suggestion systems in the small enterprise\*.

In addition the SBA publishes a weekly series of short bulletins called "Management Aids to Small Business" that deal with timely problems of the smaller enterprise. Recent bulletins have discussed such subjects as "Budgeting in the Small Plant," "Borrowing Money from Your Banker," and "How to Choose Your Banker Wisely." This free series of "Aids" is available upon request to the Office of Procurement and Technical Assistance, Small Business Administration, Washington 25, D. C.

### Financial Counseling

For the small concern facing urgent money problems, the SBA offers an even more direct form of financial counseling through its Office of Financial Assistance in Washington or from specialists attached to SBA field offices (in Chicago, at 226 W. Jackson Blvd. — ANdover 3-3600). These experts," says the SBA, "are qualified to offer financial assistance

on a wide range of problems, such as possible means of obtaining private credit on reasonable terms, possible assistance available from local development corporations, various alternative plans of financing production, adequacy of accounting and auditing methods and other aspects of financial management, means of increasing equity capital, eligibility for V-loan financing of defense contracts, and the feasibility of obtaining advanced or partial payments on contracts."

At the same field offices, the small businessman can also obtain detailed information concerning the government's new program of underwriting small business loans. In general, these loans are restricted to cases where credit is not otherwise available on reasonable terms, where the loan would enable a small concern

to finance plant construction, expansion or machinery acquisition, or where the loan would supply working capital to be used in the production of equipment, supplies or materials for war, defense or essential civilian production "or as may be necessary to insure a well-balanced national economy."

Small business faces a highly challenging future. In the intensifying competitive struggle, many small firms will doubtless find the pace too difficult. The trend of business failures will certainly continue upward.

But the alert and resourceful small firm should find growing competition not only stimulating but, in the long run, altogether rewarding. If it needs advice and counsel for the challenging months ahead, there is certainly no shortage in that valuable commodity.

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Following is a complete list of the SBA's Small Business Management Series Booklets," available at the prices indicated from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.: "An Employee Suggestion System for the Small Plant"—15c; "One Hundred Questions for a Prospective Manufacturer"—20c; "Human Relations in Small Industry"—30c; "Improving Materials Handling in Small Plants"—20c; "Public Accounting Services for Small Manufacturers"—15c; "Cutting Office Costs in Small Plants"—25c; "Better Communications in Small Business"—20c; "Making Your Sales Figures Talk"—20c; "Cost Accounting for Small Manufacturers"—35c; "Design Is Your Business"—25c; "Sales Training for the Small Manufacturer"—20c; "Executive Development in Small Business"—25c; "The Small Manufacturer and His Specialized Staff"—20c; "The Foreman in Small Industry"—20c; "A Handbook of Small Business Finance"—30c.

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# New Products

### "Hands Free" Telephone

A "hands free" telephone, for home or business, is now available according to Illinois Bell Telephone Company. The new telephone combines a miniature microphone, a loud speaker and a "switch on-switch off" button. It enables a business man to take notes and hold a desk side conference and a housewife to do her chores, all without taking the receiver off the hook.

### Miniature Battery

A new miniature mercury battery with an unusually high rating for constant current, power, and service life has been developed for use in electronic equipment by General Dry Batteries, Inc., 13000 Athens Ave., Cleveland 7, Ohio. Called the "General 625" the battery measures .225 inch in height and .605 inch in diameter, and weighs 4.5 grams.

### Knobless Door Latch

Soss Manufacturing Company, 21777 Hoover Road, Detroit, Mich., has introduced a knobless door latch. Known as the Soss Lev-R-Latch, it is 3-1/3 inches high and four inches long. The face of the latch extends outward 1/2 inch from the door. Operating the latch is very simple. A portion of the face works as a lever. By inserting a finger under the back part of this lever-like portion and pulling outward, the bolt is moved back and the door swings open.

### Versatile Light

Syte-Ayde, a new kit for providing light in out-of-the-way places, has been introduced by General Scientific Equipment Company, 2700 W. Huntingdon Street, Philadelphia 32, Pa. Powered by flashlight batteries, the Syte-Ayde provides four light transmitting rods. Two are straight, 3 1/2 inches and 6 inches long and two, of the same lengths, are bent 90 degrees. Three 1 1/2 power mirrors, 1/2 inch, 3/4 inch, and 1 1/4 inches in diameter are supplied with clips

which fit rod ends. All parts are contained in separate compartments of plastic kit and sell for \$5.50.

### Midget Meter

A self-shielded volt-ohmmeter that will fit into your shirt pocket is being made by Simpson Electric Company, 5200 W. Kinzie Street, Chicago 44. Measuring only 2 3/4 inches by 4 1/2 inches by 1 inch, the Simpson midgetester has a sensitivity of 10,000 ohms per volt on both AC and DC. It provides fourteen measurement ranges, five for AC voltages, five for DC voltages and four for DC resistance. It sells for \$29.95.

### Adding Machine

A new 10 key calculating-adding machine is being made by Felt and Tarrant Manufacturing Company, 1735 N. Paulina, Chicago 22. Called the Comptograph 202, it features a visi-balance window which permits the operator to see the accumulated balance at all times. It has a rate of 202 printings per minute.

### Self-sticking Felt

J. B. Dawn Products, Inc., 3905 W. 64th Street, Chicago 29, is producing a self-sticking felt for industrial applications. It comes in tape, spots, washers and special shapes and is made with a pressure sensitive adhesive which is waterproof. No glue or other adhesive is required.

### Demineralized Water Service

Culligan, Inc., Northbrook, Ill., has introduced a service to provide demineralized water from tap water for industrial and commercial uses. The service unit attached to the tap water system occupies less than one square foot of floor space and is serviced by Culligan.

### New Tractor

Increased horsepower and engine speed have been introduced in the new D7 track-type tractor announced by Caterpillar Tractor Company of



Peoria, Ill. The engine in this new tractor has 128 horsepower at 1,200 rpm compared to the 108 horsepower at 1,000 rpm in the previous model. The maximum drawbar pull for the 77 is now 28,700 pounds, approximately 3,500 pounds pull more than its predecessor.

#### Office Dividers

A completely flush, free-standing office partition has been introduced by the Flushlok Division of Hemisphere Steel Products Corporation, 701 Queens Boulevard, Long Island City 1, N. Y.

#### Beware of Genteel Crooks

(Continued from page 20)

owner would never learn about the merchandise, which the pair sold through a "fence."

After operating successfully in small towns throughout Massachusetts, Pennsylvania and New Jersey, the crooks were trapped by an alert merchant. Word of the swindlers' modus operandi had spread, and this particular businessman got suspicious when one of the crooks told him he had started his business career as a peddler in Cincinnati. And to the businessman launched an investigation through Dun and Bradstreet and NACM's Fraud Prevention Department. Both con-men are now serving jail terms.

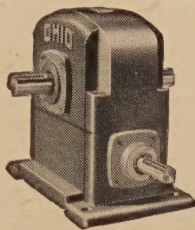
A classic example of claiming loss from theft actually planned by the supposed victim was the case of the clothing manufacturer who filed a bankruptcy petition. He had been robbed, he declared, and the stolen merchandise had not been insured. To prove his story, the businessman brought several creditors into his store.

"You see, the robbers came in through there," he said, pointing to a hole in the ceiling. "They must have passed the bolts of cloth outside through that opening."

Investigators got suspicious when they learned: that the stolen bolts of cloth measured two feet in diameter, but the hole in the ceiling was only twelve inches across; that door and window locks and burglar alarms had not been disturbed; that the hole had been cut from inside.

Confronted by these facts, the businessman confessed. He admitted that he had never even brought the merchandise into his store. He sim-

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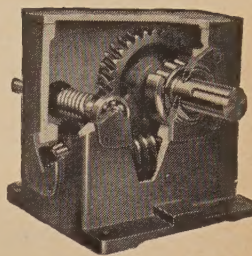


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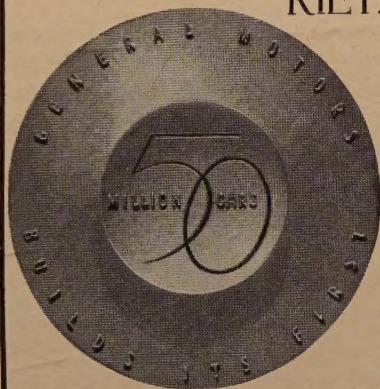


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ply took it from the delivery truck and sold the goods. To make a big profit on the deal he invented the robbery story. This chiseler was convicted of concealing assets in violation of the National Bankruptcy Act.

To protect businessmen against this sort of fraud, the NACM launched its war on commercial crooks about thirty years ago. Oddly enough, NACM has learned that many businessmen are reluctant to prosecute a swindler who offers to make good. The association has worked hard to point out that the inevitability of punishment is perhaps the biggest deterrent.

Says NACM Executive Vice-President Henry H. Heimann: "Once a complaint is filed, the credit criminal usually tries to pay his bill in full or buy his way out. Realizing he is caught in his crime, he wants to remove the complaint. At the inception of our work this offer to the credit manager of a . . . company was very tempting. However, it was soon learned that to compromise with crime was a crime in itself. Therefore, those (protected by the association) will not compromise in this manner once a complaint has been filed. . . ."

### Indictments

Since its founding, the association reports 2,982 indictments against credit criminals and 1,732 individual convictions. The cost of developing evidence for a case averages around \$1,600, though tough cases sometimes cost as much as \$10,000.

What about defense against the credit crooks?

Constant vigilance is a partial answer. But some of the shrewdest swindlers operate in a way that can be almost impossible for even the alert businessman to detect. The

antidote in these cases: a vigorous widespread detection campaign and a system for spreading information about a clever criminal's methods.

However, a great many crooks would be foiled in the beginning if businessmen would take a "cavea emptor" attitude whenever they extend credit. Here are some specific points to remember.

First, make sure you know the reliability of the firm that wants credit. Are you sure it is the same company you've been doing business with for years? Is the name of the person signing the order known to you?

Second, check the financial responsibility of every would-be creditor. Dun and Bradstreet or the local Better Business Bureau can help you get an accurate picture of the creditor's financial habits.

Third, have your representatives watch carefully for suspicious signs of new management in old established firms. Instruct them to be wary of so-called branch offices located in unlikely business areas. (Swindlers sometimes set up shop on the wrong side of the tracks, claiming to represent some reputable company, especially in a small or medium sized town.)

Fourth, avoid "estimated" statements of credit-seekers' financial condition. Accept only bona fide signed, dated, audited statements of liabilities and assets. "There is no more common method used by commercial crooks to secure merchandise than the issuance of false financial statements," advises John Fredell Jr., Director of the NACM Fraud Prevention Department.

Fifth, be wary of any credit-seeker who refuses to transmit his signed financial statement via the U. S. Mail. This is usually a sign of crooked intentions. Always retain proof of mailing, envelope and notation of the date received and person receiving it. Also retain letters asking for extension of time on account past due, NSF checks and other items which constitute an individual's financial record.

Sixth, support those groups which are working to secure the use of credit as a legitimate business institution.

Seventh, always remember the double motto of the Better Business Bureau: "Before you invest — investigate," and "Read before you sign."

Advises the NACM: "Qualified au

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authorities agree we are facing now a period of greater competition and a more intense struggle for profits. This will provide the ideal atmosphere for the dishonest credit-seeker, who will exploit the intensified pressure for sales. At the same time the business weakling will, in greater numbers, look for an easy and perhaps fraudulent way out of his difficulties."

## Industrial Films

(Continued from page 28)

service station personnel in the intricacies of selling tires, batteries, and accessories. Repetitiveness was particularly valuable here since the job was mainly one of teaching sales technique, an intangible that many of the viewers had trouble grasping fully the first time they saw it on the screen.

High speed photography is being used for a host of trouble-shooting jobs on the production line, of which the following is a typical example. Several months ago, Parker Pen Company was trying to improve its "Flaminaire" cigarette lighter. Briefly, company engineers wanted to know the effect of sparking wheel speed, flint pressure, composition, and tolerance on the size and direction of the spark. It was necessary to "stop" the spark during various phases of the sparking cycle. The only way to do this accurately was to use a high speed 16 mm. camera. Special cameras, priced at about \$1,700, are needed for such jobs. The films are presented through conventional projectors.

Time lapse photography is the opposite of high-speed photography. In this case, an ordinary camera, equipped with a timing mechanism that costs about \$175, takes a picture only once a second, once a minute, or at even longer intervals. Industrial users include: an airline which mounted a camera, equipped to take a picture every 15 minutes, at its reservation desk. The airline wanted to know (and found out) when the peak customer-load occurred at the desk, so that reservations clerks could be assigned more efficiently. A similar time-lapse setup was used by a manufacturer to check the time his employees remained at the stockroom window waiting for supplies. Another firm changed its material handling technique after a time-lapse film revealed that lift trucks,

in moving from floor to floor, had to wait too long for freight elevators.

Conventional 16 mm. movies, unadorned by any of these special devices or techniques, are also being used for a host of unusual chores. Chesapeake Industries' recent presentation of its annual report on film to some 700 stockholders is a typical example. Another is the inspection department at Thompson Products Company, Cleveland, where workers were using different techniques to check incoming parts, producing unsatisfactory results. A film was made of the best technique, and it was shown to the workers involved. After the routine became standardized, inspection quality improved appreciably.

At a General Motors stamping plant, movies were made of three men who unloaded panels from a

conveyor and stored them on a rack. The films showed that each man wasted time waiting for one of the other two to get out of his way. The operation was revamped, producing a substantial reduction in labor costs.

Since 1950, more than 150 companies have used films produced by the Society for the Advancement of Management for training time-study personnel. A recent user survey revealed that savings in training time produced by the films ranged as high as 80 per cent, and that the movies also were considered instrumental by several companies in reducing the incidence of grievances.

Movies are no longer the high-priced, limited use production and sales tools they used to be. Look around and you're almost certain to come up with a job that films can handle effectively.

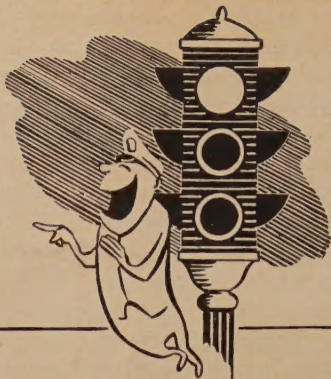
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<i>Roy D. Zeff &amp; Associates</i>		
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Field, Marshall, & Co.	9	
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<i>Batten, Barton, Durstine &amp; Osborn</i>		
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# Stop me... If...



An Army sergeant, lecturing on the evils of communism, listed on the blackboard as the chief disadvantages of living under totalitarian rule, the following:

- 1—No freedom to criticize authority.
- 2—No right to choose leaders.
- 3—No freedom of movement.
- 4—No choice of jobs.
- 5—No right to strike.

When he asked if anybody had any questions, a lanky private from Tennessee stood up and drawled:

"Well, I don't know 'xactly, but I think you must've left something out. The way it reads now sounds mighty like the Army."

"You have been charged with fighting," said the judge. "Have you any explanation?"

"Well," said the defendant, "It was like this: I was in a phone booth talking to my girl when this guy comes up and wants to use the phone. He opens the door, grabs me by the neck and tosses me out on my ear."

"Then you got angry?" asked the Judge.

"Yes, a little, but I didn't get real mad until he grabbed my girl and threw her out, too."

"Gladys," exclaimed her mother, more in sorrow than in anger, "you're a very, very vain little girl. You are always looking at yourself in the mirror. You don't see me looking in the mirror all the time, do you?"

"No, Mother, I don't," acknowledged the child, "but then you don't have to—you can see me without looking in the mirror."

At a party several young couples were discussing the difficulties of family budgets. "I really don't want an awful lot of money," said one young matron. "I just wish we could afford to live the way we are living now."

A stern employer was reprimanding one of his clerks. "Mr. Smith, I understand you've been going over my head."

"Not that I know of, sir."

"Humph," snorted the boss, "isn't it true you have been praying for a raise?"

Sign at a railroad crossing: "The average time it takes a train to pass this crossing is 14 seconds—whether your car is on it or not."

Father: "Your young man asked for your hand and I consented."

Daughter: "But, father, I don't wish to leave mother."

Father: "Such feeling displayed by a daughter is admirable. Take your mother with you!"

A woman church-goer stopped outside to chat with a friend after services. Suddenly she remembered she had left her purse on the seat. When she returned, it was gone. She sought out the minister and found that he had picked it up.

"I felt that I had better hold it," he explained. "You know, there are some in the congregation of such simple faith as to believe it might be an answer to a prayer."

The city youngsters, visiting their grandfather's farm for the first time, were entranced with all the animals. But when they came to the pen where the huge bull was quartered, young Bobby was more than a little puzzled by the brass ring in the animal's nose.

"Oh, I know what that's for!" explained his sister. "Its to show he's married."

A small boy's head bobbed up over the garden wall and a meek little voice said, "Please, Mrs. Jones, may I have my arrow?"

"Certainly," replied Mrs. Jones, "Where is it?"

"I think it's stuck in your cat."

Husband: "Why do you weep over the sorrows of people in whom you have no interest when you go to the movies?"

Wife: "I don't know. Why do you cheer loudly when a man you're not acquainted with slides safely into second base?"

Hotel Manager: "Did you find any towels in the man's suitcase?"

Hotel Detective: "No, but I found a chambermaid in his grip."

A small boy trying to explain the significance of his poor grades to his dad pleaded, "Don't forget, we're studying all new stuff this year."

Ed.—"I hear your son was dismissed from college because of poor eyesight."

Fred—"Yeah, he mistook the Dean of Women for a co-ed."

"What is the principal occupation of this town?"

"Well, boss," the man answered yawning, "In the winter they mostly sets on the east side of the house and follers the sun around to the west, and in the summer they sits on the west side and follers the shade around to the east."

Appearances can be deceptive. For instance, the dollar looks just like it did 10 years ago.

